

Battle lines drawn for energy war in US

President Carter last night proposed heavy tax penalties on large cars and other vehicles that make inefficient use of petrol. He also asked Congress for standby authority to increase petrol taxes by as much as 50 cents (29p) a gallon as part of a far-reaching energy conserving programme.

Heavy taxes on big, inefficient cars

Washington, April 20.—President Carter tonight asked Congress for standby authority to increase petrol taxes in stages by as much as 50 cents (29p) a gallon eventually as part of a stringent programme to conserve energy.

He said he wanted power to raise the present tax of four cents a gallon by increments of five cents beginning on January 15, 1979, if consumption exceeded targets to be set.

The President, who has warned Americans to stop wasting fuel or face a national catastrophe, also proposed a tax penalty ranging from \$2,488 (£1,460) by 1980 on large, inefficient cars and light lorries.

The President's programme, presented personally to a joint session of Congress, would return the increased petrol taxes as income tax rebates which would go mostly to low-income families.

Other proposals included:

■ Tax provisions that would increase the cost of domestically-produced oil to about \$13.50 a barrel, the price now charged by the Organization of Petroleum Exporting Countries (Opec).

■ Raising the price of new domestic natural gas in interstate commerce.

■ Removal of a 10 per cent excise tax on inter-city buses to encourage public transport.

■ Tax credits for Americans who insulate their homes. The credit proposal was 25 per cent of the first \$600 spent and 15 per cent of the next \$1,400.

■ Tax credits for the installation of solar energy equipment as well as a programme costing up to \$100m over the next three years, for its installation in Government buildings.

■ Mandatory standards for home appliances to make them more efficient so that they use less energy.

■ The abolition of discounts for large users of electricity together with lower off-peak domestic rates under certain circumstances.

Submission of the new programme to Congress opened what White House officials called the President's toughest political battle of his four-year term.

Already, advance reports of the programme have drawn criticism that the President's measures are too drastic and that his proposal for higher petrol taxes faces probable defeat in Congress.

The President, who recently stopped American production of plutonium as a fuel for nuclear power reactors, announced that he was reopening the order books for uranium enrichment services overseas.

Flaw in satellite launch

Cape Canaveral, Florida, April 20.—The European scientific satellite Geos, launched here today, failed to reach its planned altitude because of problems in firing the last stage of the launch rocket, an American Thor-Delta.

The satellite, owned by the European Space Agency, reached an altitude of 7,500 miles rather than the planned 22,252 miles.

European space officials hoped to manoeuvre the satellite into a better position with its on-board engine, to save the mission from total failure. The cost of today's mission was about £39m.—Agence France-Presse.

Earnings show sharp drop in growth rate

Phase two of the Government's pay policy is expected to keep the rise in wages from employment within the 3 to 9 per cent range. The Government's official index of earnings, published yesterday, confirms the marked slowdown in the rate of earnings increases a 1976-77. But the success of the pay policy could raise further problems for the current round of pay talks.

Africans rebuff Owen Rhodesia initiative

The Patriotic Front, most militant of the Rhodesian African nationalist groups, has rejected proposals for a constitutional conference put forward by Dr David Owen, the Foreign Secretary. But Mr Vorster, the South African Prime Minister, and Parliament believe that he thought the British initiative had a chance of success and should not be written off.

Immigrants charge

Civil servants have been accused of imposing tighter restrictions on immigration without ministerial sanction from Alexander Lyon, MP, formerly a Minister of State at the Home Office. He gave evidence to that effect to the Select Committee on Race Relations and Immigration.

Gas concession ended

Owners of some shops, offices and public houses could face 18 to 25 per cent increases in their gas bills from the beginning of this month because of a decision to abandon a special concessionary commercial heating tariff.

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Showdown threat as minister demands construction of power station

Electricity head defies order from Mr Benn

By Maurice Corrigan
Industrial Editor

A power struggle has begun with a bitter but firm exchange of letters between a determined Mr Wedgwood Benn, Secretary of State for Energy, and a defiant Sir Arthur Hawkins, chairman of the Central Electricity Generating Board, over a Cabinet decision to bring forward an order to build the 650m Drax B coal-fired power station.

Sir Arthur has apparently refused a direct ministerial request to place contracts for the Yorkshire plant without any compensation to electricity con-

sumers, who will have to foot the extra bills consequent upon premature construction of the Drax station.

Yesterday it was learned that Mr Benn had written to Sir Arthur to state that he was in no doubt that the power station must be ordered at the earliest possible moment, and he would be grateful for immediate confirmation that the CEBG is ready without compensation, to place the necessary orders for equipment as soon as possible.

To this, Sir Arthur, a noted fighter in state industry circles against government arm-twisting of nationalized industry

chiefs, has replied that he is not aware of any argument which could be seen to invalidate the stand the CEBG has taken.

That stand, he writes, has considerable support to protect the consumer from shouldering the financial burden consequent on ordering any major power station ahead of date.

The stage now seems set for an intriguing battle of wills and a test of the Government's ability to require the CEBG to build the power station. The Selby coalfield as well as help

the hard-pressed supplier of generation equipment, whose problems have been reviewed for the Cabinet by the Central Policy Review Staff.

Sir Arthur and his board are under a statutory duty to develop and maintain an efficient, coordinated and economic system of bulk electricity supply in England and Wales. The CEBG has legal opinions to the effect that Mr Benn cannot direct the board to do anything contrary to that duty.

It is the board's view that if

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Only copy of Profumo evidence was destroyed

By Peter Hennessy
Lord Denning, Master of the Rolls, disclosed last night that the single copy made of the evidence presented to his inquiry on the Profumo affair in 1963 had been destroyed.

"It is only in my head, and I am forced myself to forget it all now," he told the House of Lords during a debate.

The Profumo affair, which shook the Macmillan government, involved the private life of Mr John Profumo, Secretary of State for War, who resigned after admitting that he had lied in the House of Commons. The intimate relationship of many prominent people was involved, as well as national security.

"There were all sorts of records there, most secret records," Lord Denning said. "All sorts of indiscretions revealed." The evidence to his inquiry had been given in confidence. He had assured witnesses it would not be disclosed.

"Afterwards, only one copy was kept. Lots of people would have liked to have read it. A year or two later, I was asked whether that one copy could be destroyed," he added.

Lord Denning did not say who asked him, but he said he felt the respondent had a good case and gave his approval.

Lord Denning, chairman of the Lord Chancellor's advisory council on public records, described how governments could prevent documents from reaching the Public Record Office for public scrutiny. If ministries did not want it, it will close their papers in office or even destroy them, a record officer can do nothing about it.

He supported Lord Teviot, the sponsor of the debate and a fellow member of the advisory council, in his call for all nationalized industries and fringe government bodies to be brought within the scope of the public records Act.

Lord Teviot called for the foundation of a government archive service.

Winding up the debate, Lord Elwy-Jones, Lord Chancellor, said the Profumo episode recounted by Lord Denning must be regarded as an exceptional event.

He rejected requests for an inquiry into public records on the ground that any findings would involve additional public spending.

Parliamentary report, page 5

Sword find brings boy £10,000

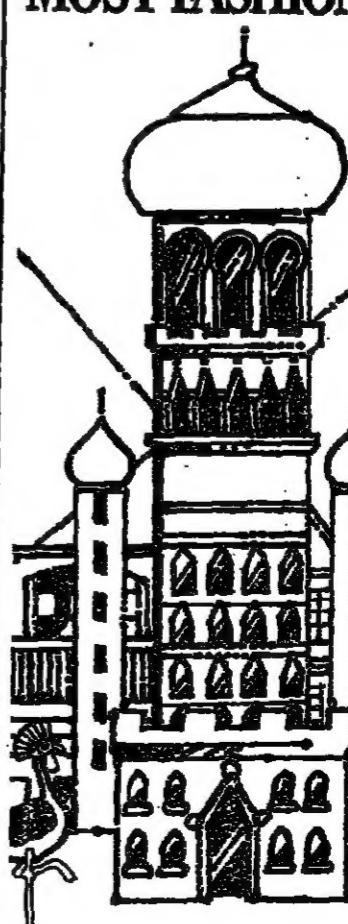
By Horace Mallalieu

An Anglo-Saxon chieftain's sword found by Gary Fiddes, aged 10, from Richmond, North Yorkshire, while looking for Tadpoles near the village of Gilling West, fetched £10,000 at Christie's yesterday.

It had been claimed by the trustees of the Gilling and Skelton estate, on whose property it was found. But Lord Bolton and his fellow trustees waived their claim at a treasure trove inquest last October.

The sword, which is decorated with silver and niello, was bought by the Yorkshire County Museum, York, which has had it on view since its discovery. The museum said it was delighted, despite the high price.

WERE INVOLVED WITH PROPERTY IN ALL THE MOST FASHIONABLE PLACES



Curfew imposed as 18 die in Karachi riots

From Richard Wigg
Rawalpindi, April 20

A dusk-to-dawn curfew was imposed in Karachi this evening after at least 18 people had been killed and more than 150 injured in clashes between demonstrators belonging to the Opposition Pakistan National Alliance (PNA) and those of the ruling People's Party. The city was paralysed by a strike which stopped all public transport and closed down shops.

Karachi appeared to be the spearhead of attempts by the Opposition to bring the month-old crisis to a head. The Opposition won nine seats there in the recent general election, which it claims was won fairly by Mr Bhutto's party.

The Pakistan Labour Alliance, a group of trade unions formed under PNA leadership, which called today's strike in Karachi, tonight ordered an indefinite strike. Today's strike was intended to set the scene for Friday's national general strike.

Karachi today had its largest Opposition demonstration to date, which ended with the burning of four shops owned by supporters of the People's Party. Outside Karachi the trains ran but the Opposition campaign that passengers should refuse to pay fares led to crowded trains.

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The cricket season officially started yesterday, but not a ball was bowled. Rain here at Lords and at Oxford stopped the only first class matches. Report, page 14.

Earnings show sharp drop in growth rate

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Groucho Marx case

Dr Morley Kerr, who attends Groucho Marx, the 86-year-old comedian, has told a court Mr Marx needs the emotional stimulation given by Miss Erin Fleming, his companion, who died in 1969. He asked to be placed in charge of Mr Marx's estate.

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Compulsory subjects

The Associated Examining Board has made detailed proposals to the Government for a common-core curriculum in schools. Basic instruction in English and mathematics would be compulsory for every pupil.

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Explosion: The supervisor at a chemical plant was "misled" over a substance that exploded, killing a man.

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Jerusalem: Israelis celebrate the twenty-ninth anniversary of independence watchful of Arabs and foreign pressure.

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Amsterdam: Dutch newspapers allege that a big art gift to a South African university belonged originally to Jews fleeing in wartime.

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Austria: A four-page Special Report on tourism and conference centres.

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HOME NEWS

British QC's attempt to prevent condemnation on 228 further allegations of torture in UlsterFrom Christopher Walker
Strasbourg

The British Government yesterday hit back at attempts by the Republic of Ireland to secure wider-ranging European condemnation of the activities of the security forces in Ulster between 1971 and 1974.

The Government's defence was opened by two leading British lawyers who examined the Irish case in detail. Their arguments will be backed up later today by Mr Samuel Silkin, the Attorney General, who is expected to attack the Irish Cabinet's motives in pursuing the long-running case before the European Court of Human Rights.

Much of the British submission was aimed at knocking down the attempts by Mr Declan Costello, the Irish Attorney General, to persuade the court to find against Britain on some important points that have been rejected by the European Commission on Human Rights.

Behind the legal argument lies the fundamental belief of British ministers that the Irish are pressing the case largely for political reasons, and in doing so are generating propaganda valuable to the Provisional IRA.

That conviction has been hardened by the number of Soviet journalists and broadcasters covering the case. By last night eight Russian newsmen had been accredited to report on the proceedings.

Britain has made it clear that it is not contesting that the use of sensory deprivation techniques against 14 Republican in-

dividuals against the serious allegations.

For much of the day, the British team was forced to defend findings in its favour already made by the European commission after secret hearings over a three-year period and involving evidence from 119 witnesses. The Irish Government has tried to persuade the court to uphold those findings in its favour, and to overthrow all those in which the commissioners came down on the British side.

On the question of internment after August 9, 1971, the British claimed that the use of extra-judicial procedures was justified by the serious security situation. That derogation from articles 5 and 6 of the convention is permitted in certain specified circumstances, disputed in this instance by the Irish.

Later, Mr Anthony Lester, QC, forcefully denied that the use of internment without trial had discriminated against Ulster's Roman Catholic minority.

Mr Lester maintained that in 1971 there was no comparison between sporadic acts of violence by extreme "loyalists" and the concerted campaign by both wings of the IRA. Internment had been initially restricted to republicans because at the time the IRA was regarded as the only significant source of terrorism in Northern Ireland.

If that happened, although regrettable, it did not follow that there was therefore an administrative practice of ill-treatment for which the Government was responsible under the European convention.

This week's session of the court will provide the British with their last opportunity to defend the actions of soldiers, policemen and government offi-

cials against the serious allegations.

The union's conference in Ilkley rejected its executive's advice and voted to set up an eight-member team to present policy recommendations on new technology by November for consideration at next year's conference.

Meanwhile it will not cooperate in introducing new systems which will lead to journalists' absorbing another union's job or systems involving "input" by journalists into computerized newspaper production.

The decision represents a hardening of the NUJ's attitude towards new technology. In a national ballot, joint management-union document "Programme For Action," which sets out the terms for introduction of computer technology, was approved by two-thirds.

All three main Fleet Street newspaper publishers union have also voted overwhomingly rejected the advice of their leadership and opposed the document. NUJ delegates criticised their executive and the union's technology working party yesterday for giving insufficient information.

Delegates felt that although some newspapers are going ahead with plans for new technology, there is not detailed union guidance. There is deep concern that technological evolution in newspapers is seriously affecting traditional demarcation lines.

Talks between the unions and the Newspaper Society, which represents most provincial newspapers in England and Wales, on national guidelines for newspapers seeking to introduce computer-based technology, are expected to resume next month. A discussion paper has been submitted to the society.

The NUJ's official line, based on a decision by last year's conference, has been to maintain a "positive approach" on new technology.

If guidelines for provincial newspapers were agreed nationally, managements would still have to justify their detailed schemes locally to the unions. The guidelines insist on a guarantee of no compulsory redundancies.

Elections to the NUJ's national executive have caused a move to the left. Mr Aidan White and Mr Roger Protz, both militants defeated in last year's elections, have been returned.

Mr Jacob Ecclesmore, a left-winger, was elected by a large majority and Mr Ted Simpson, a leading moderate and long-standing executive member, was defeated.

Mr Denis MacShane, who has left-wing support, lost his seat but in a poll among delegates was elected vice-president yesterday and received a standing ovation.

The union side will be pressurising for the establishment of

24-hour ban on flights to oil rigs**Lawyer prepares will of hunger striker**From Stewart Tindall
Dublin

A solicitor was called to the Curragh military camp yesterday to write the will of David O'Connell, a former chief-of-staff of the Provisional IRA and one of 14 hunger-strikers protesting about conditions in Portlaoise prison. His position grew ominous during the day.

Yesterday was the forty-fifth day of the men's protest, and 14 of the original 20 protesters were still refusing food. The Irish Government said their condition was deteriorating.

For two days the men's relatives have been allowed visits, and yesterday Mrs Deirdre O'Connell saw her husband.

At one point during the visit, Mr O'Connell had seemed confused by the amount of time he had left, and in conversation tended to ramble, she said.

Mrs O'Connell added that earlier in the strike her husband had collapsed in the prison yard and "in his last week in the prison he told me he went to sleep each night thinking he would not see the morning."

Mr Ruairí Ó Bradaigh, president of Provisional Sinn Féin, said that no one in the republican movement could order the hunger-strikers to stop.

The 14 men are being kept in the hospital wing of the military camp. They are being observed by Army doctors, but they have refused to be medically examined.

Car-bomb funeral: Car bombers attacked the funeral of a Provisional IRA man in Belfast yesterday, killing Mr Sean Campbell, of Park View Street, and seriously injuring six people, including several children.

The attack happened near the home in the Ardoyne district of Mr Terence McKibbin, aged 19, who was shot by an army patrol on Sunday. He had refused to stop when carrying an air rifle.

The Belfast brigade of the Provisional IRA said that the bomb was the work of "elements working for the British Army". The intention, it said, was to stir a feud in republican areas by creating suspicion between different wings of the IRA, to whip up sectarian violence drawing the IRA from its fight with the Army and to drive people away from republican marches.

The strike is over the dismissal of a pilot who refused to take up an appointment within the company in the Far East before his contract at Aberdeen had been completed.

Airways dispute to go on after talks break down

By Our Labour Staff

Talks aimed at finding a formula to end the British Airways dispute disintegrated yesterday amid angry accusations from shop stewards leading the unofficial action and demands by them for an independent public inquiry.

The dispute, over shift pay and negotiating rights, which has cost the airline more than £35m and disrupted many of its services, will continue.

Yesterday's talks were called to discuss whether shop stewards representing other engineering and maintenance workers at Heathrow airport, London, could agree on a joint claim for all 11,500 maintenance workers, including the 4,000 in dispute. But it became clear that the engineering workers want the whole of a shift pay formula worked out before the return to work. The other unions seem to have gone only half way towards that.

Mr George Guy, chairman of the engineering and maintenance negotiating panel, said: "We have gone about as far as we can go."

Commons 'voice but no vote' plan for Europe MPs

British MPs elected to the European Parliament should have the right to sit and speak in the Westminster Parliament but not to vote, Mr Heath suggested yesterday at the start of the Commons two-day debate on direct elections to the European Assembly.

That, he said, would be the best way of ensuring that they knew the views of the British Parliament.

Such MPs would attend Westminster only on European matters.

Parliamentary report, page 5

Influenza blamed for deaths

The A-strain influenza virus, prevalent throughout the country, has caused the deaths of up to 30 elderly patients at St Michael's Hospital, Aylsham, Norfolk, during the past three weeks.

The same virus is believed to have caused 16 deaths recently at an old people's home at Whitley Bay, Tyne and Wear.

Journalists harden line on new technologyFrom Christopher Thomas
Labour Reporter

The National Union of Journalists decided yesterday virtually to end cooperation in the next 12 months on introducing new technology into newspapers.

The union's conference in Ilkley rejected its executive's advice and voted to set up an eight-member team to present policy recommendations on new technology by November for consideration at next year's conference.

Meanwhile it will not cooperate in introducing new systems which will lead to journalists' absorbing another union's job or systems involving "input" by journalists into computerized newspaper production.

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Better training in mental care is urged for GPs

By Our Health Services Correspondent

There is nothing healthy about the mental health services in the United Kingdom and any searching consideration of their quality and prospects evokes concern bordering on despair. This is stated by Mind, the campaigning arm of the National Association for Mental Health, in its evidence to the Royal Commission on the National Health Service.

It is understood that yesterday representatives of the engineering workers asked the Advisory, Conciliation and Arbitration Service (Acas) whether it could interpret the limits on pay imposed by the social contract. But they were told that Acas could not influence pay

More services: More maintenance engineers at regional airports are expected to resume normal working today, British Airways said. Services between regional airports, and from them to Europe and North America, will be increased.

Engineering workers at Belfast, Edinburgh and Aberdeen joined Manchester and Liverpool yesterday in returning to normal duties. The resumption of a two-hourly service between London and Edinburgh will be followed today by reintroduction of a two-hourly service between London and Belfast, the airline said.

The Community Relations Commission branch of the Association of Scientific, Technical and Managerial Staffs is holding an emergency meeting today. Two senior staff have not been offered jobs at the same level of those they now hold. Mr Surendra Kumar, who is responsible for keeping in touch with community organizations, and Mr Aaron Haynes, principal development officer.

Specialist fields particularly affected include building and quantity surveying, electrical and petro-chemical engineering, medicine and veterinary research.

The annual report of the Civil Service Commission, published yesterday, offers no detailed explanation for the phenomenon. But it notes that science graduates tend to "shop around" a large number of potential employers before making their career choice.

The longstanding difficulty in recruiting government lawyers is continuing. Last year only 58 of 82 vacancies for the ranks of legal assistant and senior legal assistant were filled. The report says that response to advertisements was good, "but the quality continues to be disappointing."

There were 75 opportunities last year for medical and senior

Kidnap children are to stay in Britain

From Our Correspondent

Jennifer, aged 29, had died in California.

Judge McLeish, at Winchester Crown Court yesterday, accused a British father who kidnapped his three children in California and brought them back to England of telling a lie to Mr Cox.

He ruled, however, that the children should not be returned to their stepfather in the United States after hearing evidence that he smoked cannabis.

In February last Mr Stephen Cox, aged 29, an upholsterer of Midhurst Lane, Southampton, heard that his first wife

described Mr O'Bar as materialistic and philistine to a marked degree.

The judge said of the smoking of cannabis: "I am compelled to do and regard this practice as constituting such a moral danger to these children that their future ought to be considered by the English court. As the children get older they may acquire an habituation to the use of drugs."

Mr O'Bar said afterwards that he intended to continue the fight to have the children returned to the United States.

Protest against social contract: Between two and three thousand workers from all over Britain marched through the West End of London in heavy rain yesterday to demand an end to incomes policy. Later they lobbied MPs at Westminster. The march arose from a conference called by the British Leyland combined shop stewards' committee earlier this month and was supported by the Liaison Committee for the Defence of Trade Unions. In Glasgow some factories struck against pay restraint and more than five hundred shop stewards participated in a demonstration.

£20-a-week pit bonus planBy Tim Jones
Labour Reporter

The National Union of Mineworkers formulated proposals yesterday for productivity bonus payments. If accepted, it might restrain its members from driving a pit pony through any new pay policy agreed between the Government and the TUC.

Mr Joseph Gormley, the union's president, has said that his members will reject any further wage restraint, but a productivity deal might influence the attitude of the miners at their conference in July.

Under the proposals, which were discussed by the Amalgamated Union of Engineering Workers, it would be accepted that the union executive and negotiators with the National Coal Board, coalsface workers might, apparently, receive up to £20 a week in bonus payments.

The union side will be pressurising for the establishment of

standard "task" to be negotiated for each pit, representing a level of production that can be achieved under normal conditions.

A "basic task" would be set at three-quarters of the negotiated standard task, and any production over that basic would qualify the men for bonus payments.

The proposals have angered some left-wing members of the executive who argue that miners should receive a high basic salary with no productivity clauses attached.

Yesterday the Amalgamated Union of Engineering Workers served effective notice on the Government that it would reject a further year of the wage restraint policy. Motions submitted to its annual conference reveal a powerful swing

against continuing the policy.

Larger butter subsidy sought by BritainBy David Leigh
Political Staff

the price of the agreement that ought to have been reached on April 1.

The British ministers are still professing a determination to act firmly in the councils of the EEC, and not let British interests suffer just for the pleasure of appearing good Europeans. But they are also feeling the pressure that is put on them by the other EEC countries.

"People think we can just use the veto", one Westminster source said yesterday. "They do not realize the importance attached to collective agreements in Europe. It is like playing parlor games. When the music stops, the one who is left holding the parcel of disagreement is disapproved of."

Nevertheless Mr Silkin made a strong speech in the Grimsby by-election campaign earlier this week. As well as taking a predictably strong line on fish, he said the EEC farm price package the British rejected would have meant major food price rises, and new levies and penalties on cooking oil and even tomato ketchup.

The Tories were to blame, he said, for disguising the true price of the EEC from the electorate.

Our Agricultural Correspondent writes: Britain laid down three conditions yesterday for accepting a devaluation of the green pound. First, in the words of Mr Silkin, "we must pay for itself".

The minister said after a closed meeting of the Council of the National Farmers' Union: "I would say that devaluation was worth it if one were to benefit the consumer that outweighed it and did not affect the producers' position."

Secondly, he said, the country wanted a further beef premium. This is the device with which Britain holds beef prices above EEC support levels and avoids surplus production.

Thirdly, he wanted "to go a little farther along the road to retaining the Milk Marketing Board". The board is considered in Brussels to breach the Treaty of Rome.

Promise by Liberals to use power

By Our Political Reporter

The Liberals had got power for the first time since they participated in Churchill's wartime government and they intended to use it. Mr Steel, the party leader, said on television last night.

"I cannot accept that the only time politicians should get together in the national interest is when the bombs are dropping overhead", he said in a partly political broadcast.

"Our country

HOME NEWS

Officials accused of wrongfully tightening immigration controlsBy Peter Evans
Home Affairs Correspondent

Evidence that civil servants have decided on their own initiative to exercise stricter control over admission of Asian dependants to Britain, without any new instructions from ministers, has been given by Mr Alexander Lyon, Labour MP for York, to members of a cabinet committee.

"The idea that the officials are merely responsive to ministerial directions is nonsense", he says. The figures on which Mr Lyon's statement is based are represented in the accompanying graph.

Today the Select Committee on Race Relations and Immigration will have the opportunity of questioning Mr Lyon when he gives evidence to it. Seven members of the committee visited India, Pakistan and Bangladesh in March and spoke to British officials there.

Mr Lyon's information conflicts with allegations of widespread racketeering in the sub-continent, involving dependants. That is being given as a reason for stricter controls.

Mr Lyon, when Minister of State at the Home Office, tried to speed up entry procedures for those entitled to come to Britain, a statutory committee in the Immigration Act 1971. The object was to accelerate fulfilment of the commitment. He says that 33,032 now in the queue in the whole of the subcontinent represent most of those who want to come.

When Mr Lyon visited Dacca in 1975 as Minister of State, officials there granted admissions to 23 per cent of the wives and children under 18 whom they dealt with. Mr Lyon says the proportion rose

to about half before his dismissal from the Home Office, and has now dropped to about 22 per cent.

He says it is absurd that at Dacca in the last quarter of 1976 only 481 applications were granted out of 2,168 handled. "By no stretch of the imagination can it be alleged that 75 per cent of the cases were bogus."

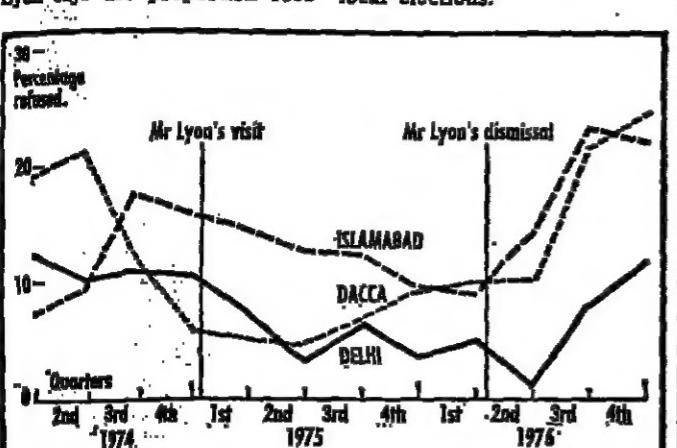
The way of looking at the tightening of controls is to examine the rate at which wives and children are refused as a percentage of those dealt with. In Islamabad the refusal rate dropped from about 17 per cent at the time of my visit to about 9 per cent at the time of my dismissal. It has now jumped to 23 per cent. No new instructions have been given to posts since I left."

Immigration control is also being tightened by means of amendments to immigration rules which were laid before Parliament on March 22 and are now beginning to take effect. The amendments, designed to prevent men from being accepted for settlement in the United Kingdom through marriage of convenience, were made after allegations of abuse, and coincide with a hardening of political attitudes.

The Stechford by-election campaign showed that immigration remains an issue that can be exploited.

Twenty leading immigrant organizations are jointly asking the Home Secretary to meet a deputation about the changes in the rules and are supporting motions tabled by Mr Lyon in the Commons and Lord Abergavenny in the Lords to annul the amendments.

They are also seeking support from candidates in the local elections.



Rejected applications for settlement in Britain, made by immigrants' wives and children in Dacca, Delhi and Islamabad, expressed as a proportion of those dealt with, as shown in a Bhammymede Trust bulletin.

Lower living standards causes drain of talent

Many talented and experienced people leave Britain because of the quality of life here, a report by Overseas Recruitment Services Ltd, a subsidiary of Alfred Marks Bureau, the employment agency, states.

It says that higher salaries abroad, the British tax system and falling living standards are the three main reasons why people leave.

A survey was made of 591 applicants for overseas jobs in engineering, secretarial work, the medical and nursing professions, the hotel trade and catering. Of those in the 31 to 50 age group, identified as the best qualified and most experienced, 58 cited higher salaries as their reason for leaving; 59 gave Britain's tax system; and 51 blamed cuts in living standards.

The report says: "These are the people in the prime of life who have a lot to offer and whom the country can ill afford to do without. The three main reasons why these people are going combine to form a most serious indictment of life in the United Kingdom for the talented and experienced."

The United Kingdom taxation system makes it impossible for merit to be adequately rewarded, the report says.

Disillusionment with the alleged lack of opportunity to develop a career in Britain is particularly strong at middle management level or the equivalent in the professions.

Money was not the only reason given for seeking work abroad. Four out of five in the under-21 age group gave wanderlust as their motive. That, the report says, is more prevalent among women than men. Only 35 men owned to it, against 68 women.

The most favoured destinations of those leaving are Europe, the United States and the Middle East, in that order.

"Belief that the grass is greener on the other side of the hill is entirely natural, and never more so when the grass at your side is obviously muddy and trampled", the report says.

They are also seeking support from candidates in the local elections.



Mr Callaghan and News Reporter of the Year, Geraldine Norman, of "The Times".

Callaghan concern over press cynics

The Prime Minister said yesterday that he was worried about the cynicism that seemed to have corroded British life and the press.

Mr Callaghan, who was speaking at a lunch where he presented the 1976 British Press Awards, said: "This degree of cynicism is something that is pulling us down unnecessarily at a time when we ought to be moving up." It was something

that is not totally justified at all".

But he added that newspapers were a mirror of society. He would do nothing to bring pressure to bear on the press of this country".

Mr Callaghan disclosed that he had been offered a job as a BBC newsreader 25 years ago.

"I might have been another Robin Day, but I escaped from that fate," he said.

Mr David Chipp, editor-in-chief of the Press Association, who announced the awards, praised the quality of the work submitted by young journalists.

"This is good for our future, highlights the talent that is becoming available, and above all is evidence of the intelligent direction which editors, news

editors and chief subs are giving to the young staff", he said.

The male newsreaders were Peter Nieswandt (*The Guardian*); international reporter of the year; Chris Dunckley (*Financial Times*) critic; Richard Woolveridge (*South London Press*); young journalist; Geraldine Norman (*Times*) news reporter; David Cairns (*Daily Express*) press photographer; Andrew Alexander (*Daily Mail*) specialist writer; Christopher Brasheer (*The Observer*) sports writer; Ian Wooldridge (*Daily Mail*) columnist.

Geoffrey Parkhouse (*Glasgow Herald*) and Alan Whittle (*Belfast Newsletter*) were joint provincial journalists of the year, and Douglas Thain, Alan Burnside and Graham Bird (*The Star*, Sheffield) were joint young journalists of the year. A special award was given to Stephen Fay and Hugo Young of *The Sunday Times*.

Army doctors in rabies check

Two Army doctors in London are having a course of injections against rabies after treating a Gurkha soldier who died of the disease in Hong Kong's British military hospital.

The doctors were not in isolation and were carrying on normally, the Army and the Department of Health said yesterday.

Mr Laker is hopeful of Skytrain for JulyBy Arthur Reed
Air Correspondent

Skytrain "walk-on" flights between London and New York at a single fare of £59 could begin by July now that the United States Department of Transportation has approved the project. Mr F. A. Laker, chairman of Laker Airways, said in London yesterday.

He described the department's approval, which was granted on Tuesday, as a major breakthrough. He said confidence in the two remaining steps had already been cleared by the American State Department and the White House.

"We can start the service 30 days after we get the permission tied up, and assuming that the permission will be issued before June 22, we are talking about July." At a single fare of £59, Skytrain would produce a return on investment of 11.45 per cent.

Mr Laker said he was delighted to have won the latest round in his six-year battle with the British and United States governments to mount no-reservation, walk-on flights to New York.

But although the Department of Transportation appears to have cleared the way for Skytrain, Mr Laker's service could yet become bogged down in negotiations between the two governments on a new Bermuda air services agreement for the north Atlantic routes, which Britain wants worked out by June.

Britain has indicated that it wants Skytrain to be considered separately, but there is no guarantee that the Americans will accept that. If Laker flies alongside British Airways, the American case, that their two main airlines should continue to operate, will be stronger.

The British Government embraced the cause of Skytrain earlier this year after the Court of Appeal ruled that Mr Shore, the former Secretary of State for Trade, had exceeded his authority in stopping the service.

In brief**Clothing of dead girl changed**

Jean Shepherd, the Australian heiress, died as result of compression of the neck, probably from an armlock. Detective Chief Superintendent Ronald Harvey, head of Hertfordshire CID, said yesterday.

The woman, aged 24, whose body was found in a shallow grave at Romneysland Common, Wheathampstead, on Monday, had also undergone a partial clothing change at the hands of her murderer.

Dracula and Whitby

Members of the Dracula Society will next week visit Whitby, North Yorkshire, which features in Bram Stoker's classic of horror. Mr Donald Waterman, the resort's director of tourism, said yesterday: "Last week, 1,000 people came down for Stratford. We want to see what Dracula can do for Whitby."

Miner dies in accident

Mr Jim Dolley, aged 56, a coalface worker, died yesterday in a shovelling accident at Walsall Colliery, Staffordshire. Another worker was taken to hospital.

Eleven years for rape

Percy Robinson, aged 45, a labourer, of Rosemary Gardens, Gateshead, Tyne and Wear, was jailed at Newcastle upon Tyne Crown Court yesterday for 11 years for raping a girl of 15 last summer.

Jubilee special

British Rail will attempt a jubilee year record-breaking run by its new high-speed train from Bristol to London on May 7 at an average speed of 100 mph.

Coppins for sale

Coppins, near Iver, Buckinghamshire, once the home of the Duke of Kent, is for sale again, at £500,000 with about 13 acres of gardens.

Jubilee letter form

A pictorial air mail letter form, illustrated with a photograph of the Queen, will be issued on May 11 as a silver jubilee memento.

Rail ticket forgers tackled

By a Staff Reporter

Colour-coded season tickets are being introduced by British Rail in an attempt to cut the estimated £6m lost each year through fraudulent use.

British Rail remained deliberately vague yesterday about the new coding but explained that tickets in different colours for successive periods will make it more difficult for passengers to trick inspectors.

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1977

HOME NEWS

Exams board offers outlines of basic common curriculum

By Diane Geddes

The first detailed proposals to the Government for a common-core curriculum in schools in England and Wales were outlined yesterday by the Associated Examining Board, the largest of the eight national examining boards. The board also recommends a new "certificate of general education" at 16-plus based on the common-core subjects.

At the top of the board's proposed list of common-core subjects are English and mathematics, a basic instruction in both of which would be compulsory, irrespective of the degree of skill and knowledge that the individual child may be able to achieve.

In addition, the board proposes that at least one subject should be studied in each of the following four groups: 1. a science, geography or a modern language; 2. history, civics, social science, or religious studies; 3. literature, music, art, crafts, drama or practical subjects; and 4. some form of physical education, which would not be examined.

The subjects mentioned in each group are not intended as exclusive lists the board says, but only to illustrate the areas of study which the board believes would offer a maximum of knowledge of the environment of culture and of general literacy; some understanding of social or moral issues; some aesthetic or creative experience.

Man denies murder of three girls

Trevor Joseph Hardy, aged 19, murdered three teenage girls, "the details of which make the blood run cold", Mr Patrick Russell, QC, for the prosecution, said at Manchester Crown Court yesterday.

He told the jury: "By any standards some of the features of this case are gruesome in the extreme and you may experience feelings of revulsion."

Mr Hardy, of no settled address, denied murdering Lesley Stewart, aged 15, of Winterdyne Street, Harpurhey, Yvonne Skala, aged 18, of St Luke's Walk, Moston, and Sharon Mossop, aged 17, of Cooks Drive, Fallowfield, all Manchester, between December, 1974, and March last year.

He also pleaded not guilty to indecently assaulting Christian Campbell during an incident in a Manchester public house. He was alleged to have grabbed her throat, squeezing so tightly that she bit through her tongue.

Mr Russell said that in February, 1972, Mr Hardy was failed for five years for wounding a man called Stanley O'Brien. He became obsessed with the idea that Mr O'Brien had framed him.

While in prison Mr Hardy decided to hunt Mr O'Brien and a girl, Beverley Driver, aged 15, who had ended their association. In November, 1974, when free, he learnt that Mr O'Brien had died.

On New Year's Eve Mr Hardy, armed with a knife, searched for Beverley Driver, then aged 18, and saw a girl getting out of a car, counsel added. He had told the police he hit the girl in the face and kicked her. "She started shouting and I lashed out with the knife and it entered the side of her neck," he was alleged to have said.

He is said to have dragged the girl's body to a clippings where he dismembered it. The girl was not Beverley Driver, but Lesley Stewart, counsel said.

Counsel said Miss Skala was killed as she walked home from a public house and Miss Mossop was murdered by Mr Hardy when she disturbed him trying to break into a mill.

Education aid for overseas

The Open University is to spend £250,000 during the next three years on expanding its programmes overseas educational help.

Mrs Hart, Minister for Overseas Development, whose ministry is granting £200,000, said most aid would go to poorer developing countries, for whom distance teaching was often the only way to make limited educational expertise widely available.

£4,000 for former probation officer

Mr Roy Secker, a former senior probation officer, whose personality was affected by a fall downstairs, was awarded £4,000 agreed damages in the High Court yesterday. He fell at the probation office in Reigate, Surrey.

Mr Secker, aged 52, of Ruden Way, Epsom Downs, sued Surrey County Council, who denied liability.

KENYA AIRWAYS

NEW TELEPHONE NUMBERS:

Administration, Sales 01-734 3865
& Reservations: 01-839 4477

Reservations (direct): 01-437 8163

The local elections, 4: Challenge of Plaid Cymru and Conservatives

From Trevor Fishlock
Cardiff

ence; and some physical activity.

The board defines its view of what a common core curriculum should be as "a common core of subjects related to general educational needs, providing the basic knowledge and skills for life in contemporary society and a choice from a range of subjects providing knowledge and skills beyond the basic essentials".

During the past 30 years secondary education had expanded to include a much wider range of subjects and to cater for a much wider range of ability, the board says in its comments to the Government. In most schools and colleges a common-core curriculum already existed, but there was a need to ensure the coverage of essentials in all schools by means of increased coordination and effective guidance, while providing ample opportunity for initiative and innovation by teachers.

The board does not explicitly give its views on the critical question of the extent to which a common-core curriculum should be imposed on schools. But it has at least a degree of consistency in saying that the establishment of common-core subjects "could be accomplished quickly, clearly and effectively" by means of a Department of Education and Science report to be followed by guidance from the inspectorate and local education authority officials.

Supervisor 'misled' over chemical

From Our Correspondent
Norwich

An explosion killed a man and caused damage of £125m after a chemical plant supervisor was given "misleading information", a press conference was told yesterday.

The conference, in Norwich, was to launch a report by the Health and Safety Executive of the Factory Inspectorate on the explosion at the Dow Chemical Company plant in King's Lynn, Norfolk.

The explosion, last June, happened when a poultry food additive called Zoalene was left in a drying vessel for 27 hours. It decomposed, heated and exploded with a force equivalent to between 200 and 300 lb of TNT.

He added: "We are not satisfied that the screening of chemicals coming into industry is good enough." He criticised the company for allowing Zoalene to remain in the drying vessel for more than 24 hours but said no prosecution was justified.

Dr Norman Scilly, an explosives inspector, said leaving the chemical in the dryer was a breach of the best chemical practice. "The period of time was a crucial factor in the explosion."

£600 theft fines

Mrs Nurhatat Minareci, aged 39, and her daughter, Mrs Ayse Kurtel, aged 25, were each fined £300 with £25 costs at Marlborough Street Magistrates' Court, London, yesterday for shoplifting.

Old people's home fire inquiry told of rescues

A policeman told an inquiry into a fire that killed 11 elderly men how he found six people trapped in a room full of smoke.

The independent inquiry into the fire at Wensley Lodge old people's home, Heswall, near Hull, on January 5, opened yesterday under the chairman of Mr Andrew Gibb, Vice-chairman of misadventure on the 11 victims were recorded at an inquest on February 22.

The inquiry, by Humberside County Council, in Beverley, was told by Mr Donald Hawksworth, a police superintendent, that he saw heavy smoke coming down a staircase to the second floor, heard cries for

Court praises Underground train driver

By Our Agricultural Correspondent

Spending cuts exceeding £450,000 in the training of farm workers were announced yesterday. They arose from the refusal of ministers to accept a claim from the Agricultural Training Board for £53m this year, including an increment for inflation.

Mr Richard Swan, chief training adviser, said: "This will be a test of what value the industry places on training without the carrots that it has got to Paddington."

The board said it faced an insufficient government financial support resulting from its controls on public expenditure.

Sir George Huckle, the chairman, said in London that the board's claim had been based on planned growth and expected inflation. Its grant last year had been £4.1m and the Government had given it £4.6m for 1977.

Payments to employers for sandwich-course students will be cut from an average of £70 to £30 next month and stopped in August.

Less money for training of farm workers

By Our Agricultural Correspondent

The Welsh National Opera yesterday launched a ticket subscription scheme offering discounts of between 10 per cent and 30 per cent to boost attendance during its next season starting in September.

Mr Brian McMaster, the opera's administrator, said: "There will be subscriptions available for all pockets: eight operas for as little as £6.40, or £12 for £8.40, for example."

Twelve operas offered for £8.40

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Mr Brian McMaster, the opera's administrator, said: "There will be subscriptions available for all pockets: eight operas for as little as £6.40, or £12 for £8.40, for example."

cause abstentions among Labour voters; and part of Labour's declining stock must be attributed to recent corruption cases and disclosures in the courts.

There will be protest-voting of the kind that worked so well for Labour in the late 1960s; but there will also be a more permanent shift to the Conservatives and to Plaid Cymru. Elections in recent years have underlined the gathering strength of Plaid Cymru, its development as a force at local level, its attraction as an alternative, and its appeal to younger people.

At first sight the statistics make Plaid Cymru look a pygmy, and the Conservatives not much bigger. The nationalist share of the 578 seats is 22, and the Conservatives have 75. But there is in the rural counties a tradition of people standing as independents, and, in Gwynedd, for example, many of them are nationalists.

Overall, Plaid Cymru is fielding 236 candidates, three times the number it put up three years ago, and thinks it reasonable to expect a trebling of its seats.

Plaid Cymru and the Conservatives have been changing the local government political texture in recent years. In last

year's town hall elections they achieved with the Ratepayers, remarkable results. Plaid Cymru's winning of Merthyr Tydfil was astonishing and the Tory winning of a seat in the Rhondda was the electoral equivalent of breaking into the Mint.

The Conservatives, fielding 253 candidates, compared with 147 in 1973, expect to win South Glamorgan, which is very English, and where they have 36 of the 80 seats. They hope to take control in Clwyd and, if the pendulum swings enough, they expect to become the largest single group in Gwent, where Labour has 59 of the 78 seats.

The cockpit of this election will be mid-Glamorgan. There

is very little to play for in the Vale of Glamorgan, where Labour has 60, Plaid Cymru 12, the Tories three.

The political climate there is notoriously Siberian for the Conservatives, but they are fighting 43 of the seats compared with 10 last time, and think it reasonable to expect a trebling of its seats.

Plaid Cymru's view is that "the electors are not fools and know what is going on".

Of course, Labour expects to

win a large majority in mid-Glamorgan. But the signs are that local politics is becoming livelier in that county, that opposition groups will grow in strength, and that in future the cut-and-thrust of debate will be more cutting and thrusting.

Next: Manchester

PARLIAMENT, April 20, 1977

Mortgage famine must be avoided in wish for lower interest rate

House of Commons

The Government were to monitor progress made by the building societies in lending on older properties and would pursue any evidence of "red lining", Mr Peter Shore, Secretary of State for the Environment (Tories, Bristol East, Lab).

Building societies are reluctant to lend on older properties and of "red lining" in the availability of mortgage lending and a famine developing in the mid-1970s.

However, most Plaid Cymru members in that part of Wales are not Welsh-speaking.

It will be interesting to see how Plaid Cymru fares in mid-Glamorgan Labour was sorely stung by the loss of Merthyr Tydfil last May, and since then the relationship between the two parties in the Vale of Glamorgan has been marked by puerile squabbling.

Plaid Cymru's view is that "the electors are not fools and know what is going on".

Of course, Labour expects to

win a large majority in mid-Glamorgan. But the signs are that local politics is becoming livelier in that county, that opposition groups will grow in strength, and that in future the cut-and-thrust of debate will be more cutting and thrusting.

There seems no good reason for the Government to make any changes in the law to encourage lending on older properties.

Mr Shore—I am aware of the reluctance of building societies in certain areas to lend respect of older properties, and of "red lining".

In the somewhat new relationships with the building societies and those people with mortgages, why they need to accumulate such large surpluses which seem to the ordinary citizen to be spent more and more on strings of offices in various High Streets.

There seems no good reason for the Government to make any changes in the law to encourage lending on older properties.

Mr Shore—There has been long-standing criticism of the numbers of building societies.

On the broader question of surpluses of building societies, there is a balance to be struck. We and the building societies have been anxious in these past few months to avoid the famine of

mortgages which occurred in 1975-76.

In order to avoid a famine in terms of lending money for mortgages, it is necessary for the building societies to have some kind of cushion of reserves otherwise, frankly, their ability to lend will be severely impaired and subject to wide variations of the kind in 1975-76.

Mr Robert McCrindle (Brentwood and Ongar, C) in recent days, the Government have been bringing disproportionate political pressure on the building societies to reduce their interest rates.

Mr McCrindle wrote to the

Minister for Housing and Construction, Mr Robert Freeson, Minister for Housing and Construction, said he was commissioning a national sample survey of vacant dwellings.

Mr Geoffrey Dodsworth (Hertfordshire, South-West, C) had asked for an inquiry to determine the extent to which rented housing owned by Government departments, local authorities and public authorities was empty and likely to remain so for more than a matter of weeks.

Mr Freeson—The sample will cover a wide range of one sector would be appropriate. However, I am commissioning a national sample survey of vacant dwellings to be undertaken later this year. This will look at cases and the length of time dwellings remain empty.

Mr Dodsworth—in view of the scarcity of resources available, it would be desirable to offer unoccupied property, under some arrangement, to local authorities and others for occupation as quickly as possible.

As I understand it, the purpose of Mr McCrindle's remarks would be to say the recent reduction in mortgage rates is either too premature or too much. I would not necessarily share that view at all.

We all have a considerable interest in seeing that sufficient money does come to the societies so that they can lend on the scale and with the consistency that the building industry requires.

National survey of vacant dwellings

content there might be circumstances where dwellings can be made available to first-time buyers or other buyers down market. I would wish to encourage local authorities along these lines. Some are to do this now.

Mr Robert Cooke (Harrow, Middlesex, Lab)—Will the sample include houses bought by his department in participation with the building of motorways which are then cancelled? Will he instruct his department that they should not automatically go in and vandalise these properties but simply leave them in case of a change of mind later?

Mr Freeson—The sample will cover all kinds of property—Government-owned, local authority-owned and privately-owned.

Mr Dodsworth—In view of the

scarcity of resources available, it would be desirable to offer unoccupied property, under some arrangement, to local authorities and others for occupation as quickly as possible.

Mr David Penrhys (Truro, L) in the event of a breach of any of these requirements, or any others imposed under section 12 and 18 of the 1969 Act in criminal proceedings being proved to the satisfaction of the court, it should be open to the court to impose a fine on the supervised person or in the case of a boy and where an attendance centre is available for him to come to, or to impose a fine on the centre or the person in the case of a girl or in the case of a woman.

Miss Jean Lester (Eton and Slough, Lab) asked the Home Secretary whether the Government

had completed their consultations on recommendation 23 of the eleventh report from the Expenditure Committee on the Children and Young Persons Act, 1969, concerning conditions and sanctions relating to supervision orders.

Mr Merlyn Rees said in a written

statement: "The Secretary of State for Social Services, the Secretary of State for Education and Science and I have consulted the various bodies involved in the making and administration of supervision orders. In consequence I propose to put down amendments at the next appropriate stage of the Children and Young Persons Bill which would modify the existing law on the lines suggested in the report.

It should be open to a court when making a supervision order in criminal proceedings in respect of a child or young person to require him (1) to be of good behaviour; or (2) to comply during the whole or any part of the supervision period with such requirements as the court, having regard to the circumstances of the case, considers necessary for preventing a repetition by him of the same offence or the commission of other offences.

The Government further pro-

pose, in the interests of greater flexibility, to remove (subject to certain limits) of 50 days the maximum period in any one year for which residential treatment may be ordered by way of intermediate

Commitment to direct elections: Dr Owen sees little chance of federal states of Europe

House of Commons

Dr David Owen, Secretary of State for Foreign and Commonwealth Affairs (Plymouth, South-West), said the debate on direct elections to the European Parliament, he did not believe this Parliament would block the democratic objectives which the member countries had for themselves in the EEC Treaty which was now close to its end.

The Government were not announcing decisions at this stage. They would want to listen to and nail their arguments down in the debate. In the light of this, the Government would immediately consider the issues raised in the White Paper on direct elections.

The Cabinet's conclusion on an electoral system and the related issues would be brought forward by the Government as proposals to the House.

The principle of a directly-elected Parliament was incorporated in the Treaty of Rome 20 years ago as a necessary eventual part of an eventual federal system of government. The goal of an elected Assembly in an eventual electoral system was one of the goals which the country assumed when they joined the Community.

Here as in other member countries, there was only a very small possibility on a basis agreed by all on a new Parliament. When the Government honoured their treaty obligations, come to introduce the Bill will be Parliament to decide.

The target which had been set, was to hold the first elections in May or June of this year. The Government's political commitment was to use their best endeavours to avoid a situation in which delays in the United Kingdom put the earlier date out of reach of the whole Community.

More recently, the European Parliament's role was in the budgetary sphere, where to some extent it shared responsibility with the Council for the Community budget. The de-

velopment of the constitution procedure was also an important example of the welcome and growing dialogue between the Parliament and the Council.

Most of the desirable reforms (he said) have been made by the work of MPs from both sides of this House, but I would like to single out the work of Sir Peter Hall.

All MPs will join in paying tribute to his work as a courageous and effective European. We all extend our sympathy to his family in their tragic loss.

In my view, no member state had been willing to permit an extension of the Parliament's powers in certain areas, by the standards of a democratically elected Parliament, its powers were very limited indeed.

The development of the Assembly would depend on the future development and organization of Europe. In the last analysis a clear vision of the Assembly's future presupposes a clear vision of the future of the Community.

He was not sure any of them had such a clear vision. Their founders had such a vision there could be no doubt. They believed that a federal structure should one day emerge from the Community. It is the history of the history of Western Europe, with the entry of the United States, they could appreciate just how far they would have to go even if they wanted a federal Europe. The United States developed a federal system on a social basis that was relatively homogeneous, both culturally and socially.

It was a measure of the Community's success that no one member state had such a vision there could be no doubt. They believed that a federal structure should one day emerge from the Community.

It is the history of the history of the United States, they could appreciate just how far they would have to go even if they wanted a federal Europe. The United States developed a federal system on a social basis that was relatively homogeneous, both culturally and socially.

I realize there are many different views on this issue. If you were to analyze it, you would be led to the emotion and a lot of anxiety about the whole question of the European Parliament. I think it is wrong to say that the member countries would be represented by candidates chosen for the European Parliament.

He was well aware of the fact that in 10 years' time might confound any argument (he said).

In my view, (he went on) it is time we all recognized how unequal the debate about federalism has become. The plain fact is that this Parliament, with the national parliaments of the member states, will define the future shape of the Community. Without the agreement of this House there can be no major change in the structure of the Community's institutions, individually and collectively.

Some member states would question entanglement without institutional reform and a call for majority voting. This had been firmly resisted by Britain and France for the past without some safeguard such as the Luxembourg compromise.

This would continue to be the Government's position, although they were prepared to rally to the majority unless important national interests were at stake.

The needs of historians and scholars were different then. Since Grigg reported there had been a distinct shift in interest from old fashioned political and diplomatic history. Now there was an emphasis on economic, social and local factors, and on science. He was not convinced that enough was being done to let the professional historian who, if anyone should know about those things, have a fair say in the matter.

A Government archive service could provide a clearer structure, a more open and accessible record office, and a better service to the public.

If there was a federal sentiment in the member states it would be reflected in the members sent to the Parliament and the views they expressed there.

It followed that if there was no federal sentiment in the United

Kingdom, as many alleged and he believed, those who fought elections on that plank were unlikely to succeed. But if federal sentiments increased to a point where it would be right democratic that it should be represented by candidates chosen for the European Parliament.

He had to ensure that members elected in this country should be genuinely representative. It would be damaging to British democracy, in the sending of the wrong people to represent British interests in the European Parliament, if the elections produced unrepresentative members after a low and unrepresentative poll.

The question of the enlargement of the European Union would be a severe test not only for the European Parliament, but all the Community's institutions, individually and collectively.

Some member states would question entanglement without institutional reform and a call for majority voting. This had been firmly resisted by Britain and France for the past without some safeguard such as the Luxembourg compromise.

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Free vote for Tories on electoral method

Mr John Davies, chief Opposition spokesman on foreign and Commonwealth affairs (Knaresborough, C) said they should not be debating the issue of principle. The Prime Minister himself had said that the principle was beyond recall.

Their purpose must be to deal with the specifics of the White Paper. These concerned largely the electoral method and the vexed question of the dual mandate. But there was no means today of reaching conclusive decisions on the options presented in the White Paper. This was some what unusual.

Undoubtedly the death of Sir Peter Hall, Knaresborough, all knew as a stout colleague and friend, owed something to the extraordinary burden put on members in discharging the dual duties involved.

He accepted that there might be exceptional cases where for specific reasons there would be a need for a person to fulfil two distinct functions. They should not be drawn into a cul-de-sac. It would be plumbing the depths of absurdity to have a Bill become an act without an electoral system incorporated in it, for instance.

There had been, until recently, some doubts concerning the wish of one or two other countries to have the same system of dual mandate process to ensure direct elections. These had been dispelled.

If MPs nothing of the firm proposal as opposed to the White Paper, in the same way as the framework of the Bill, they might be drawn into a cul-de-sac. It would be plumbing the depths of absurdity to have a Bill become an act without an electoral system incorporated in it, for instance.

The electoral method decided upon was of secondary importance to the structure of the executive system. Provided the House got an opportunity to declare which electoral system it wished, he was content to abide by the majority.

Mr Mervyn Rees, Home Secretary—What we have said from this side is that on the majority, with a free vote. We are listening to what the Government and the House would not seek to obstruct the majority necessary to proceed to direct elections.

If we fail (he said), we shall be the only ones. If we are the only

ones, we will stop the rest. There will be no forgiving and forgetting the fact that we have done so.

All the evidence led to the conclusion that it would virtually impossible to discharge the dual mandate. The parliamentary demands of Westminster were such, however, that those of any parliament in the Community at the moment.

Added to that was the fact that there seemed inevitably to be a growing weight of work in the European Parliament making a combination of the two virtually impossible in the generality.

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Their purpose must be to deal with the specifics of the White Paper. These concerned largely the electoral method and the vexed question of the dual mandate. But there was no means today of reaching conclusive decisions on the options presented in the White Paper. This was some what unusual.

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WEST EUROPE

Newspapers say Dutch collector's £5m art gift to Pretoria University belonged to Jews

From Sue Masterman

The Hague, April 20
Allegation that a £5m art collection donated to Pretoria University was amassed from Jews fleeing the Nazi persecution in Holland appeared simultaneously in two leading Dutch and South African newspapers today.

The collection was donated last year by Mr Jacob Abraham van Tilburg, aged 88, who emigrated to South Africa in 1951. He had been arrested after the Second World War on charges of collaboration, but the case was later dropped.

Today's reports in the Rotterdam-based *Algemeen Dagblad* and the Johannesburg Star after a joint investigation by the two newspapers.

The *Dagblad* quoted former members of the Dutch resistance as saying that Mr van Tilburg built his collection on "blood money"—funds belonging to Jewish families who fled the Nazi terror in occupied Holland. Most of them failed to return.

The newspaper reports that Mr van Tilburg was a member of the Dordrecht town council for the Protestant Christian Historic Union during the occu-

pation. He was arrested immediately after the war and tried by a special tribunal. Charges of collaboration were finally dropped in May, 1948, because, the paper says, of insufficient evidence.

The newspaper claims that Mr van Tilburg promised to help Jews whose goods he held in safekeeping to escape to unoccupied France or Switzerland. Of the 20 to 30 families involved, only one individual was known to have reached safety. The fee for a "ticket to freedom" was between £200 and £300.

The paper also records that immediately after the war Mr van Tilburg was fined £70,000 for black-marketeering but had the fine reduced to £15,000.

Mr van Tilburg, who lives near Pretoria in a 21-roomed house converted to house his collection, is reported in both newspapers as saying the accusations are "filthy lies".

It is understood that the university was informed of rumours about the collection at the time it was donated by Mr van Tilburg. A member of the university council, Dr C. L. du Bruyn, had approached the Dutch Embassy in Pretoria, but they were unable to provide any official guidance.

15 factories affected by Seveso poison

From Our Correspondent

Rome, April 20

The Lombardy regional government today decided to spread asphalt over the grounds of 15 factories at Cesano Maderno, near Milan, after Swiss scientists reported high levels of the dioxin poison which escaped from a plant at Seveso last summer. The grounds will be fenced off and the factories cleaned.

The regional government, in an urgent meeting to discuss the Swiss findings, decided against closing down the factories, where 118 workers are employed.

Cesano Maderno is near Seveso, which was evacuated after a cloud of dioxin escaped from the Swiss-owned Icmesa chemical plant there, but it has not been officially listed as seriously contaminated.

The Lombardy councillor responsible for health, Signor Vittorio Rivolta, told journalists after the meetings that up to 200 microgrammes of dioxin per square metre had been found round the factories. The maximum level permitted for safety is 0.001 microgrammes.

It was distributed very unevenly and was thought to have been brought in by vehicles, he said.

At the same time, 17 people

had been killed by terrorists, 38 injured and 13 held hostage. Ten terrorists were killed in battles with the police.

The Chancellor said the right way to deal with political violence was to isolate its perpetrators morally and convince sympathizers that all they were doing was supporting murderers. The risk of suppressing legitimate dissent must be avoided. There was no point in banning political groups which favoured violence because the voters could be relied upon, as they had shown, to prove their rejection of these at every election.

Harsher sentences would not deter those determined on murder, and he added that introducing special procedures for dealing with terrorist crimes would create a dangerous precedent.

Dr Helmut Kohl, the Opposition leader, accused the Government of trying to make light of terrorism and demanded tougher legal measures.

Herr Schmidt presented the House with a balance sheet of terrorism in West Germany over the past decade.

A total of 123 people had been imprisoned for terrorism or abetting it, and another 60 were awaiting confirmation of sentence. Charges had been laid against another 85, while 240 more were under official investigation and warrants had been issued for the arrest of 35 other suspects.

Parliamentary report, page 5

Spanish general dismissed in Suárez clampdown

Madrid, April 20.—A Spanish Army general was dismissed today as Dr Adolfo Suárez, the Prime Minister, took steps to curb military dissent over the lifting of a 38-year-old ban on the Communist Party.

Brigadier-General Manuel Alvarez Zulueta was dismissed as head of the Army Ministry's secretariat, the official Gazette announced.

Informed sources said that General Alvarez had sent out a document to Army commanders accusing the Government of failing to advise the Army before its decision to legalize the Communist Party.

Lieutenant-General Felix Alvarez Arenas, the Army Minister, later issued a circular saying he had not authorized the document. He said it contained certain errors "which threaten to cause great confusion within our com-

mmand", he told Army commanders.

The Army Supreme Council, many of whose members fought the communists in the 1936-39 Spanish Civil War, grudgingly accepted the decision, but put on record its disgust. However, Admiral Gabriel Pita da Veiga, the Navy Minister, resigned in protest.

In an apparent gesture to show Navy morale, King Juan Carlos, who is visiting West Germany, agreed to preside over a ceremony in the Mediterranean port of Cartagena on Monday to hand over a new warship to the Spanish Navy.

Labour sources said that left-wing unions, wary of further upsetting the Army, had decided to refrain from holding demonstrations on May 1.—Reuter and Agence France Presse.

British women seem sure of EEC bridge title

From a Bridge Correspondent

Ostend

After five of seven rounds in the team events of the Common Market Bridge Championships, the British team were still in the lead.

The British team, four of whom are from Great Britain, in the European Championships, were outplayed 19-1 by the French. They recovered in the evening when they won 19-1 against The Netherlands, but slipped into third place. To improve on that placing, they will need to beat the leaders, Italy, in the final round.

The British juniors continue to disappoint, largely by virtue of their inconsistency. Yesterday they were at their best when beating France 19-1, but lost 15-5 to The Netherlands after leading all half-time.

The British mixed team beat France and drew with The Netherlands. Championships axles after five rounds are:

OPEN SERIES: 1. Italy, 63; 2. France, 57; 3. Great Britain, 57; 4. Denmark, 41; 5. Germany, 36; 6. Netherlands, 33; 7. Ireland, 32; 8. Portugal, 27; 9. Spain, 23; 10. Belgium, 18; 11. France, 17; 12. Germany, 13; 13. Italy, 12; 14. Spain.

LADIES SERIES: 1. Great Britain, 87; equal 2. Italy and Netherlands, 87; 3. Belgium, 85; 4. France, 81; 5. Spain, 77; 6. Germany, 73; 7. Belgium, 66; 8. Denmark, 64; 9. Portugal, 57; 10. Italy, 53; 11. Spain, 49; 12. France, 29; 13. Denmark, 14; 14. Portugal, 13.

MIXED TEAMS: 1. Italy, 63; 2. Great Britain, 56; 3. Spain, 46; 4. France, 43; 5. Portugal, 38; 6. Denmark, 37; 7. France, 29; 8. Denmark, 14; 9. Portugal, 13.

The vacancy in Bonn results from the resignation of M

Olivier Wormser, the former governor of the Bank of France, who angered the President by his repeated warnings of the need for an austerity programme to curb inflation. These measures were not introduced by M Raymond Barre, the Prime Minister, until two years after M Wormser's appointment.

He told a press conference today that he had been offered the post by the President, but preferred to continue devoting himself to politics and the organization of the campaign of the Independent Republican Party, of which he is president, in the parliamentary elections of March next year.

The vacancy in Bonn results

Dr Owen backs EEC aid to Third World

From John Winder

Strasbourg, April 20

The EEC record of aid to developing countries was stoutly defended by Dr David Owen, the Foreign Secretary, in his maiden speech as President of the Council of Foreign Ministers to the European Parliament here today.

Various political parties are considering tabling questions to the Government on the affair. The president of the tribunal before which Mr van Tilburg appeared, Mr Jaap Burger, is now one of the Queen's Advisers. With elections pending, the affair has far-reaching political implications.

Our Johannesburg Correspondent writes: Professor E. M. Hamman, the Rector of Pretoria University, said today the university would return the art works to their rightful owners if it was proved they had been improperly obtained. The university's council would investigate the allegations.

It is understood that the university was informed of rumours about the collection at the time it was donated by Mr van Tilburg. A member of the university council, Dr C. L. du Bruyn, had approached the Dutch Embassy in Pretoria, but they were unable to provide any official guidance.

This part of the debate was boycotted by the British Labour MPs, who walked out with the rest of the Socialist group in protest against the failure to allow Lord Ardwick to speak in the debate on Dr Owen's state-

ment.

Dr Owen told the Parliament that economic matters affecting the livelihood of the Community's own citizens was the EEC's first priority, but not its only priority.

"We are also citizens of the world," he said. "We have responsibilities to the unemployed and to the undernourished, world wide. The European Community has never seen itself, thankfully, as an exclusive inward-looking organization, and the European Council devoted considerable time at Rome to the North-South dialogue."

He said there was justice in the developing world's demand for a more equitable economic order. It was vital that the nations work together to achieve it.

The Community, although inevitably concerned primarily with the less fortunate among its own people, had a moral obligation to show a similar concern for the disadvantaged of the world.

"We cannot abandon the world's poor to the mercies of the Maltese Trilogy of war, famine and disease," Dr Owen said, and was applauded by the MPs.

Harsher sentences would not deter those determined on murder, and he added that introducing special procedures for dealing with terrorist crimes would create a dangerous precedent.

Dr Helmut Kohl, the Opposition leader, accused the Government of trying to make light of terrorism and demanded tougher legal measures.

Herr Schmidt presented the House with a balance sheet of terrorism in West Germany over the past decade.

A total of 123 people had been imprisoned for terrorism or abetting it, and another 60 were awaiting confirmation of sentence. Charges had been laid against another 85, while 240 more were under official investigation and warrants had been issued for the arrest of 35 other suspects.

Parliamentary report, page 5

Bonn's role in curbing terrorism defended

From Dan van der Vat

Bonn, April 20

Herr Schmidt, the West German Chancellor, gave a warning today against overreaction to terrorism. Speaking at an emergency Bundestag debate on the assassination of Herr Siegfried Buback, the Attorney General, he said the people had a right to protection and expected terrorists to be punished, but not at the cost of infringement of basic freedoms.

Terrorism was an international problem and no country, not even one ruled by military dictators, had come up with an answer overnight.

West Germany had shown that it was not helpless against terrorism, he added. It had introduced many new measures at home and also worked abroad to improve international co-operation. The Government was always ready to re-examine the legal defences against terrorism, but would not be panicked.

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At the same time, 17 people

Strikebound Danish papers printed by duplicators

From Our Correspondent

Copenhagen, April 20

The other Scandinavian countries.

Haas Larsen, editor of the provincial *Sjællands Folkeblad*, today published a full newspaper with the help of unorganized staff. It was the first time the newspaper had appeared since the conflict began on April 1.

"The dispute is costing us about £2,500 daily," Mr Larsen said. "The public impression that the loss is paid for by the Association of Newspaper Owners is not correct. The newspapers are bearing the losses themselves, apart from a token sum from the association."

The total cost to newspaper owners has already exceeded £10m, he estimated, and many of the 40 newspapers involved will not be able to survive. "It has been widely claimed that six newspapers are likely to close, but I am sure that the number will be greater than that," he said.

Several opposition politicians have appealed to Mr Anker Jørgensen, the Prime Minister, to intervene in the conflict. He has refused. He has also warned newspapers in financial difficulty that they could not expect assistance from the Government.

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OVERSEAS

Celebrating Israelis watchful of Arabs and foreign pressure

From Eric Marston

Jerusalem, April 20.—With security increased in cities and on main roads, Israel this evening began celebrating Independence Day, after finishing 24 hours of mourning for the fallen in its wars and campaigns since 1948.

Trouble is expected in the period between Independence Day and the tenth anniversary of the 1967 Six-Day war in June, especially as the theme of this year's celebration is "the reunification of Jerusalem", a subject that evokes conflict among Jews in a city some 230,000 Jews and 100,000 Arabs. Additional troops were on patrol in the walled Old City today.

The regional police commander has denied that preventive arrests have been carried out to ensure calm as on previous Independence Days. He indicated that police would rely on reinforced patrols and spot checks on residential areas.

Although tonight's celebrations were a return to gaiety, with street dancing and fire-crackers in Jewish areas most Israelis are aware that they usher in a year of more than usual importance for the nation's future, a time of political change and probably of international pressure on the new government after next month's elections to make concessions to the Arabs.

This awareness was reflected in Independence Day messages and Memorial Day speeches. Mr. Robin, who is making his last public appearances as Prime Minister before handing over day-by-day duties on Friday to Mr. Shimon Peres, gave the address at the memorial service on Mount Herzl.

He said that "with shouts of happiness filling the land, from Jordan to sea, from Mount Hermon to Ophira (Sharm el Sheikh)", Israel should remember that independence was not given on a silver platter but was bought by a heavy sacrifice by its young men.

Its foes and the world should know that Israel had no other recourse but to continue to build and defend its national home.

Mr. Peres, speaking last night at a Tel Aviv ceremony, put the emphasis on the need for increased Jewish immigration and settlement. He said: "Extreme watchfulness, political scepticism and military" were needed.

The denunciation of press on with Jewish settlements in the occupied areas was given concrete expression yesterday with confirmation that a group of religious soldiers had moved

Remodelled Army planned for Lebanon

From Robert Fisk

Beirut, April 20.—President Sarkis seems certain to send regrouped contingents of the Lebanese Army into south Lebanon now that President Assad, of Syria, is reported to have agreed to the formation of a 50,000 strong force to replace the Army which distinguished during the Lebanese civil war.

When members of Gush Emunim tried to start a settlement near Nablus early in 1976, they were persuaded to move "temporarily" to an army camp at Kaddoum. This settlement remains officially illegal but attempts to remove it are unlikely now that the principle of no Jewish settlement in Samaria has been succeeded in bending the Government to its will.

The Syrian newspaper *Al-Shark* reported in Damascus today that the new army would eventually take over all the duties of the predominantly Syrian Arab League peacekeeping force in Lebanon. President Sarkis would soon issue a decree that would form the constitutional basis for future army action, it said.

Diplomatic sources in Beirut believe the first contingents of the new force will be sent within nine or 10 days to south Lebanon to police the strip of border territory adjacent to Israel, in which Lebanese Christian militiamen and Palestinian guerrillas have been fighting intermittently for more than four months.

The Lebanese Government has made no secret of its inability to stop the fighting in the south. Syria's tentative attempt to send its own military forces into the area as part of the Arab League ceasefire army met with so much political opposition from Israel that the few Syrian troops stationed within 15 miles of the Israeli border were pulled back to the central mountains.

The ministerial settlement committee yesterday approved an additional budget of £1m for building in Jewish settlements in the occupied areas and gave final authorization to the Gush Emunim plans for Masha. It is understood that the intention is to transform Masha into a civilian urban settlement later.

The site is only about five miles from the old Jordan boundary with Israel and if President Carter's ideas on environmental safeguards for Israel ever materialize, it would fall within a demilitarized zone.

In Israel proper, the outlook is sombre as the country enters its thirtieth year. There is no sign of an end to a three-week curfew imposed by strike which has brought the main ports of Haifa and Ashdod to a standstill with repercussions throughout the economy. The Government, whose eyes are on the election, is being criticized for not intervening in the debts when the nation's foreign debts are almost £5,000m.

More industrial disputes are brewing since a decision to increase the pay of public service workers. Economists have accused ministers of disguising the seriousness of the financial crisis by printing extra money. Other problems include the continued trend to emigration while overseas immigration and investment are drying up.



Public service: Civil servants in Laos have to devote their Saturdays to an irrigation project after spending the week in their offices in Vientiane.

Two hanged in Cairo for bomb attack

Cairo, April 20.—Two Egyptians were hanged today for planning a bomb that killed eight people and injured 68 others on a packed holiday train last summer.

The two had confessed to being members of a terrorist group paid by Colonel Gaddafi, the Libyan leader, to carry out bomb attacks throughout the country. Libya denied the allegations.

The hangings were the second and third in Egypt in the past 24 hours. A 27-year-old Palestinian was hanged yesterday for attempting to assassinate a former South Yemen Prime Minister now living in Cairo.—AP.

Philippines Muslim group rejects referendum

Manila, April 20.—The Moro National Liberation Front (MNLF) today formally rejected a government-sponsored referendum in the south-western Philippines last Sunday in which preliminary results showed a trend against autonomy for the region.

"We have rejected the referendum because it contradicted the letter and spirit of the Tripoli agreement and was not in conformity with the Gaddafi-Marcos agreement," Dr Abdurahman Amin, the MNLF's political spokesman, said in a final result on Saturday.

The commission said today that based on partial unofficial returns, more than 95 per cent of the votes rejected the autonomy proposal.

The MNLF had previously called for a boycott of the referendum on the grounds that the questions contained in it were weighted against the movement.

Foreign minister held hostage in El Salvador

San Salvador, April 20.—Kidnapped urban guerrillas have kidnapped Señor Mauricio Borroño Pohl, El Salvador's Foreign Minister, and are threatening to kill him unless the Government releases 37 of their comrades who have been jailed.

The guerrillas, who claim to be members of a group called the Popular Liberation Forces, kidnapped the 40-year-old minister as he left home in his car for his office.

El Salvador is under a state of siege imposed during voting after presidential elections two months ago. The guerrillas are demanding that the 37 prisoners should be given safe conduct out of the country.—Reuter.

They are liars.

Prisoners are put on show at Zaire rally

Kinshasa, April 20.—President Mobutu of Zaire today presented the first two prisoners captured in anti-insurgency fighting in Shaba province to a mass rally here. The bandaged captives were exposed to the hatred of 60,000 chanted Zaireans.

"Death to them, death to them", one young Zairean cried, wounded in the head and neck, in a football stadium 10 yards from President Mobutu on a podium.

The prisoners were taken in a counter-offensive by Government troops supported by pygmy bowmen who are advancing slowly against Katangese rebels from the copper-mining town of Kolwezi in an attempt to recapture the town of Mutshasha.

The rally appeared to be the most enthusiastic of the three Presidents Mobutu has organized since the start of the invasion. The dramatic appearance of the prisoners, had not been officially announced beforehand.

A soldier carrying an Israeli-made Uzi assault rifle stood next to the prisoners, ensuring that they did not lean on the podium railing. One prisoner appeared to be middle-aged, the other in his teens. Both were driven into the stadium in an open vehicle to the boos of the crowd.

Heavily armed soldiers and police, carrying tear gas, grenades and rifles, stood guard as President Mobutu condemned alleged Soviet involvement in the six-week Shaba fighting.

The Soviet Union, Cuba and Angola have denied Zairean allegations of involvement, but President Mobutu said:

"They are liars."

In latest official accounts of the fighting, Government forces are said to have almost encircled Mutshasha, the fall of which would be a big psychological victory for the Government's troops, who are receiving support from 1,500 Moroccan allies.

The invaders in the south are said to be members of the Katangan gendarmes which supported the secession of Shaba, then called Karanga, for three years in the early 1960s and later fled to Angola and other parts of Zaire.—Reuter.

Assad visit helps heal rift between Russia and SyriaFrom Edmund Stevens
Moscow, April 20

A reconciliation between Syria and Russia has begun in Moscow with the state visit of President Assad of Syria. It ends nearly a year of estrangement caused by Syria's intervention in the Lebanese civil war.

Mr Leonid Brezhnev, the Soviet party leader, embraced "Comrade" Assad at Moscow airport and showed he was prepared to let bygones be bygones. The nearest Mr. Brezhnev came to a veiled reproach was at the Kremlin banquet for President Assad when he said: "There are sometimes zigzags in the policies of certain Arab states."

Mr. Brezhnev hopes to enlist Syrian support for Soviet peace conference and recover the initiative in the Middle East from the Americans.

Carefully harmonizing his approach to President Assad's preference for moderation, Mr. Brezhnev has been emphasizing the need for a peaceful solution. In his banquet speech, while supporting the Palestinians, he also affirmed

Israel's right to independence and a secure existence.

Earlier this month, in an article timed to coincide with the arrival of Mr. Yassir Arafat, the Palestine Liberation Organization leader, *Izvestia* was far more militant. Deriding safety of Israel, it called for the return of Palestine, "their native land," to the Palestinians and denounced "all forms of American capitalism and liquidation of the Palestinian revolution." There was no reference to reconvening the Geneva conference.

In talks with Mr. Brezhnev, President Assad has vigorously defended Syrian intervention in the Lebanese civil war. He said his action was prompted solely by humanitarian motives and had succeeded in ending the bloodshed and rescuing Lebanon from its own destruction.

He also claimed to have saved the Palestinian resistance movement from being destroyed. President Assad avoided the sore subject of Syrian assaults on Palestinian camps.

American news agencies deny bias

Florence, April 20.—The two American news agencies, Associated Press and United Press International, have rejected accusations of systematic distortion of news sent to Latin America.

The accusations came in a paper prepared by Unesco for an international conference held yesterday on the flow of information between developing and developed countries.

The paper quoted unnamed researchers as saying that the control of news flow in Latin America was "dominated by United States wire services that systematically distort, through selection and manipulation, the image of the world outside to the Latin Americans through their papers".

Mr. John Koehler, Associated Press general executive, said: "It can be blankly stated that we are not out to distort or belittle developing countries." The allegation was an insult to Latin American editors, he added.

Mr. Julius Hiumi, vice-president of United Press International, rejected accusations of distorted reporting. "We are not doing so badly as the Unesco document accuses us," he said. Thirty-two of the UPI's 18 Latin American bureaux were run by Latin Americans and more than half of UPI reports going to Latin America were from the region itself.

He made a distinction between news and propaganda. One way of closing the information gap between developed and developing countries was closer cooperation between national and global news agencies, he said.

99.1 pc vote for Sudan President

Khartoum, April 20.—President Nimeiry of Sudan has been reelected head of state for a second six-year term, receiving 99.1 per cent of the votes cast, it was announced officially today.

He was unopposed in the election, which began on April 3 and will be sworn in again on May 24.—Reuter.

In just three years Racial-Tacticom has trebled its exports

Racial Electronics Limited congratulates Racial-Tacticom and its subsidiaries on winning this year's Queen's Award for Export Achievement. This is a remarkable performance for the Racial-Tacticom Group of Companies.

Exports have trebled in three years, significant strides have been made into the Latin American market and technological barriers have been broken in both HF and VHF tactical communications equipment.

In winning this award Racial-Tacticom exported more than £37,000,000 in the year up to mid-1976 representing 86% of total production.



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The Chairman and Directors of Racial Electronics Limited wish to express their sincere thanks to everyone inside and outside the Company for the parts they have played in this success.

Even though this is the eighth Award won by the Racial Group in eight years it is especially pleasing to be successful in Royal Silver Jubilee and British Export Years.

RACIAL The Electronics Group

Winners of Eight Queen's Awards in Eight years

Racial Electronics Limited, Western Road, Bracknell, Berkshire.

Law Report April 20 1977

Court of Appeal

Publicity seekers must take rough with the smooth

Woodward and Others v Hutchins and Others
Before Lord Denning, Master of the Rolls, Lord Justice Lawton and Lord Justice Bridge

Judgments delivered April 19

Pop singers who sought and welcomed publicity of every kind were held not to be entitled to an injunction, pending the trial of action for alleged breach of confidence, to restrain their former press relations agent from publishing in the *Daily Mirror* the remaining articles in a series about their private affairs after his employment with them had been terminated. The balance of the case was on the side of allowing the series to go on.

The Court of Appeal discharged an interim injunction granted by Mr Justice Slynn in chambers earlier in the day to restrain Mr Christopher Hutchins, Chris Hutchins Information Ltd, Daily Mirror Newspapers Ltd and Mirror Group Newspapers Ltd, from disclosing, divulging or using in any way any writing, printing, publishing or circulating any confidential information relating to the private lives, personal affairs, or private conduct of the plaintiffs acquired during the course of the life of pop stars? It was impossible to know where the line should be drawn.

In a case like the present also in a libel action, the public interest was that the truth should out if it be the truth; and if it was not the truth there was the cause of action for libel in damages, and damages would be exceeded if what was said was not true.

If the libel action failed on the ground that what was said was true it seemed unlikely that there would be much in the way of damages which would be recoverable. The breach of confidence on the part of the Rolls commented that if the law on confidence in the United States were as the judge apparently thought to be Mr Nixon might have been able to save his career.

Mr Hutchins, Mr C. G. Rossiter, Alexander, QC, and Mr John S. G. Phillips for the *Daily Mirror*; Sir Peter Rawlinson, QC, Mr Leon Brittan and Mr C. J. Summer for the plaintiffs.

THE AFTERMATH OF THE ROLL'S CASE In 1970 a group of pop stars, called The Family, employed Mr Hutchins as press agent and consultant at a considerable salary. One of his functions was to see that they had publicity and that their activities were made interesting to the press at large. His communications to the press were most important to them.

The group had got him to sign what was said to be a signed document which matters were secret and not to "make any statement or give any information to any third party, whether for reward or otherwise, touching or concerning either my employment with the company or myself or connected with principal or otherwise". During his employment he was given a signed document which agreed to restrain further publication of his employment or "during his employment or at any time afterwards.

When asked to sign the document Mr Hutchins said that he did sign it because he was told that he could not continue in his employment unless he did so. But afterwards, he said he took up the matter up again with the representative of MAM and they agreed to release him from that obligation. That was then the position?

The allegation of confidentiality was first levelled with the claim that he was useless to his clients and once that was understood the breach of confidence was entirely on the side of allowing the publication to go on. The defendants knew perfectly well that if they failed on justification the damages would be heavy—and he had been held by reason of the fact that the offence had been made worse by the circumstances in which Mr Hutchins had revealed what he knew about the plaintiffs. His lawyers found it impossible to establish the difference from the confidentiality aspects of the present case and would allow the appeal.

LORD JUSTICE BRIDGE, concurring, said that it seemed to him that the claimant ought to have been successful. He did so. But afterwards, he said he took up the matter up again with the representative of MAM and they agreed to release him from that obligation.

His contract of employment had come to an end quite amicably a little while ago, and recently Mr Hutchins approached the *Daily Mirror* and had given them stories, no doubt for a considerable reward, said to be secret to which had been disclosed to the public about the lives of Mr Jones, Jones and the various members of the group.

The first article, in last Saturday's *Daily Mirror*, was headed "Why Mrs. Tom Jones' secret life Jerry, from a car window... and Tom got high on a jumbo jet". A good deal of publicity had been given to that at the time. On Monday the newspaper came out with "Tom Jones and Marianne Faithfull! Starts off the most explosive show business story of the decade. The Family, by Chris Hutchins, the man on the inside". This morning there appeared in from page one of today's Sunday Express "Holding secret of The Family".

Tom Jones and the other group members—some of whom were touring the United States—had gone to the court for an injunction to restrain the further publication of the series. The cause of action was said to be breach of confidence, or restraint of publication.

On the libel action, the *Daily Mirror* and Mr Hutchins indicated that they proposed to justify all that had been written, on the ground that this was true. Thereafter, it was clear that no injunction would be granted to restrain a publication of a libel, for on all the authorities the public interest in knowing the truth outweighed the interest of the plaintiff who said that he was being libelled.

As to the claim in breach of contract, the judge had held that the contract was rescinded. That was a possible view; so no injunction could be granted on that ground.

There remained breach of confidential information. It was on that ground that the judge appeared to have granted the injunction, which was very wide-term. No doubt some employers—there was an obligation of confidence clearly present such that if a former servant disclosed confidential information obtained in the course of his employment, the court would quite properly restrain him. But the present case was different: there was no doubt whatever that the pop stars wanted publicity which would create a favourable image among those who supported their performances: and Mr Hutchins had been engaged to produce or help produce that favourable image to the public.

If a group like the present sought publicly which was to



Go west for 'village' life

On Richmond Green in summer on a Saturday afternoon, you might imagine yourself in eighteenth-century England. Behind the white-clad cricketers on the green itself, the sun shines on the serene and mellow elegance of Georgian housefronts; heat, distance and the surrounding trees muffle the cries of children playing, and only the crack of bat on ball sounds sharply in the summer stillness. Until, that is, the next aeroplane goes over.

It would be reasonable to assume, after hearing that (though the verb to hear does less than justice to the effect of that intolerable volume of noise), that in west London life in general and property values in particular are dominated by the Heathrow flight path. But the assumption would be wrong. Parity this is because the aeroplanes are so low by the time they come in along the Lower Richmond Road that the noise is concentrated along a narrow ribbon of misery. Thus although an acquaintance of mine who lives just the other side of the river, in Grove Park, finds his garden virtually unusable in summer, a friend a mile to the south of the flight path, in Richmond Hill, hears nothing; and nor do I, although I live little more than a mile to the north of it on Chiswick High Road.

Is this, then, an argument for depressed house prices in Grove Park and along the Lower Richmond Road? Well no, apparently not. It seems that people work on the assumption that either they can live with the volume of noise or they cannot: and if they find it quite intolerable, then £2,000 off the price of a house—£5,000, or £10,000 will not make it any the less so. Given a bad slump in demand, of course, prices in this area would fall faster than elsewhere: but for all the suggestiveness of the housing market over the past three years, there has not been a serious setback in west London.

The appeal should be allowed and the injunction discharged.

LORD JUSTICE LAWTON, concurring, said that the appeal raised the question of balancing freedom of speech against the right of privacy of others. His Lordship's opinion was that the breach of confidence in the case of the Rolls commented that if the law on confidence in the United States were as the judge apparently thought to be Mr Nixon might have been able to save his career.

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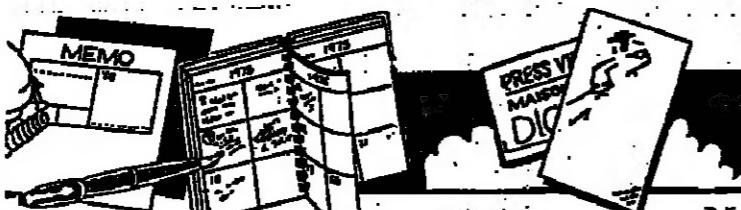
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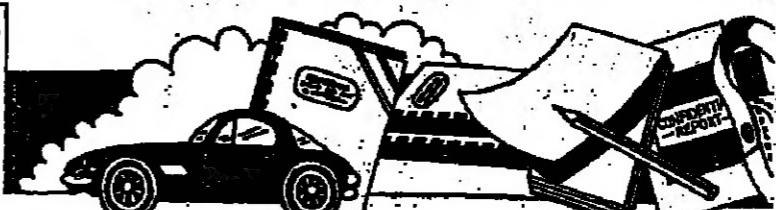
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Proportional representation may not be as fair as its supporters suggest

The danger of electing Parliament to be a 'dictator'

The supporters of a more proportional system of election for the House of Commons have fallen upon me in the letters columns for my suggestion last week that, if such a system is adopted for the European Parliament, this should not be a precedent for Westminster. The subject is so important, and the supporters of electoral change are so assiduous and dedicated in their cause—for which I respect them—that I do not think I need apologize for returning to it.

The advocates of a different electoral system usually manage to imply two assumptions which are incorrect. The first is that those who oppose abandoning the first-past-the-post system are also opposed to other reforms of the political structure. The second is that the present electoral system is really the root of all that is now wrong with the body politic.

Mr Tim Rathbone, MP, managed to imply both things when he invoked Lord Hailesham's recent letter on the danger of an "elective dictatorship" of the House of Commons. "Where Ronald Butt argues for the presumed clarity of a simply yes/no vote by electors," writes Mr Rathbone, "Lord Hailesham points out how this leads to an elective dictatorship" (my italics). I have carefully read and reread Lord Hailesham's letter, but I cannot see any phrase in it which suggests that the dangers of elective dictatorship arise from the electoral system.

Whether or not Lord Hailesham is now inclined towards

the idea of what is called electoral reform is not for me to say. But in his speech (reported on April 5) he cited the Lib-Lab pact as an indication of the "evils of elective dictatorship" because, unlike the sort of coalition deal which accepts the electorate's verdict of a "hung" Parliament immediately after an election, the present pact is specifically designed to prevent an election and to stop the people expressing another opinion, after a "hung" Parliament has existed for two and a half years.

In short, what Lord Hailesham is attacking is the concept of the "sovereignty of Parliament" as a euphemism for the dictatorship of the House of Commons when the House of Commons, unchecked by any other efficient arm of the constitution, deliberately resists references back to the people. I thoroughly agree, and I should have thought that a proportional system of voting, which perpetually produced no majority Parliaments whose groups made political deals after the election, was, in truth, likely to increase the danger of a dictatorship of the House of Commons. For the result would be that one deal would follow another to ensure that the existing House of Commons remained in being, however our touch with public opinion it had become.

Such a dictatorship was, indeed, the system under which we lived from 1885 to 1932, and we are fortunate in being able to study and reflect on its consequences. The role of the Crown had been reduced to little more than furnishing sup-

port (including the provision of places and profits to purchase parliamentary loyalties, and Treasury money with which to win elections) for the dominant Whig Party. The factions of that party divided power between them and combined and recombined among themselves to prevent elections until the very last moment of a Parliament's legal life—which had already been lengthened, in the Whig interest, to seven years. It was, and is, a fact of politics that long Parliaments and infrequent appeals to the people enable a prevailing party to dig in.

Thus, the "sovereignty" and, indeed, the virtual dictatorship of Parliament was exalted during the eighteenth century above the sovereignty of the people, with only the judiciary offering any serious check to it. Yet John Locke, whose political philosophy underlay much of the thinking of the Revolution, specifically asserted the people's right to break their "contract" with Parliament as well as with the King if the purposes for which that contract was entered into were being undermined.

Parliament (he wrote) "being only a fiduciary power to act for certain ends, there remains still in the people a supreme power to remove or alter the legislative (i.e., the legislature) when they find that the legislative act contrary to the trust reposed in them". It is also perhaps worth recalling that the Revolution was itself the work of the great peers of the realm, there being no House of Commons in existence at the time.

The House of Commons is

the preeminent part of our constitution yet it ought not to have unchecked power. This is why I would like to see a responsible and responsible second chamber with defined constitutional rights, and it is also why other people would like to see a Bill of Rights.

I am sceptical about a Bill of Rights, not because it would "usurp" the sovereignty of the Commons but because it might both impede the fluidity of the representative of the nation and the arbiter of last resort in certain rare circumstances, is always an elusive and even dangerous concept.

"Sovereignty" is not properly in any one organ of the constitution. It is, or it ought to be, spread around (even if that appears a contradiction in terms). To put it another way, in words from Lord Hailesham's speech: "The advocates of the sovereignty of Parliament ought to be made to learn . . . the lesson that the only sovereign in this country apart from the Queen is the people—that is the electorate."

I would add that a House of Commons which can be kept in indefinitely in such a way as to frustrate electoral opinion or which fails to pass through legislation even of a constitutional nature, unchallenged by an effectively constituted second chamber, runs the risk of usurping a sovereignty which is not proper to it.

As things are now, the electorate is deliberately not being asked because the spirit of the constitution is being frustrated. Mr Rathbone thinks that the danger of the "elective dictatorship" is "horribly pertinent" to the case for electoral reform. I cannot think of a better way of ensuring an electoral dictatorship than a proportional system which always produces "hung" Parliaments, which enables ministries to be formed by a process in which the electorate has virtually no say, and which ensures on the eighteenth century model, that appeals to the electorate are avoided whenever possible.

Mr Michael Benyon, in an earlier letter attacking Lord Hailesham's speech, thought that it was logically impossible for an electoral system to be a dictatorship. How, I wonder, would he describe a House of Commons which was determined to legislate to perpetuate itself indefinitely? It has happened in our history, and much more recently some Labour politicians have threatened to lengthen a Parliament's life to get their programme through.

Of course, in some ways, proportional systems are fairer to small parties, though this depends on the precise system and how far it is designed to exclude extreme parties—which may be right, but can hardly be described as "fair". One correspondent, Mr Stephen Lees, suggested that proportional representation has no inherent preference for the centre "yes" to an anyone question which has not been argued out at the hustings, and quite an idea for the electorate to vote for it after a proper debate in the country. After all, the Liberals made "electoral reform" their main plank. If that is what the country basically believes we need, why doesn't it vote them to power which it can do under the present system?

It is curious that, when the present system produced large and clear majorities, electoral reform was advocated because third parties were unfairly squeezed out. Now that third parties are doing quite (and even inconveniently) well, electoral reform is advocated on the grounds that third parties are making the Westminster system unworkable. The truth is that the present system has produced considerable periods of three-party politics and coalition in this as in the last century. It has also produced long periods of clear majority governments. In other words, it has expressed changing electoral needs appropriately and what could be better?

Which is not to say there is nothing wrong with the present parliamentary system, because there is. Mr Richard Holmes, in a recent article, asks whether I think that the 50 per cent of the electorate who vote for defeated candidates have failed. To the extent that they lack a sufficiently clear consensus to promote an effective party between them, yes they have! But, of course, a wise government makes genuine note of opposition feeling (particularly when the opposition is

Jobs for the boys: Europe must take the risk of the 35-hour week

The recent Rome summit of EEC heads of government commissioned Mr Roy Jenkins to prepare proposals to deal with one of Europe's most intractable social and economic problems—the swelling tide of youth unemployment. It is a problem which is easier to diagnose than to solve.

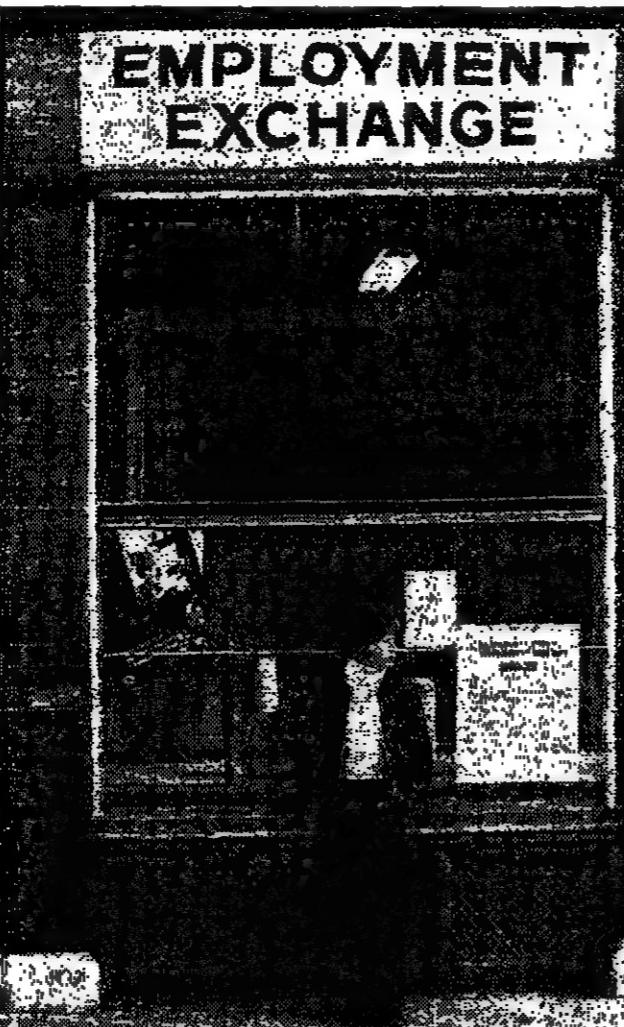
There are many reasons why the present recession in jobs has hit the under-25s hardest in every EEC country. One reason is the lack of contact between educational institutions and the business world—a problem to which the current "great debate" on education in the United Kingdom is relevant.

A second reason is that most employers practise "last-in-first-out" redundancy policies, so that when workers have to be laid off it is usually the youngest who go first. A third reason is that more girls are now competing in the labour market, so that there are more youngsters competing for jobs in the past.

Fourth, legislative and trade union pressures have narrowed the gap between wages of young and adult workers, so that youthful labour is no longer cheap labour. Moreover, the same forces have made it extremely costly, and in many cases very difficult, in all EEC countries for employers to sack workers. Labour is becoming increasingly fixed rather than a variable cost. The result is that employers are becoming more reluctant to take on new workers, unless they can be absolutely certain that they will have a continuing need for them. The young are thus having to pay for the increased job security of their elders.

This means that the problem of youth unemployment cannot be solved in isolation from the overall job problem—apart from improvements, important but marginal, which can be and should be made in all EEC countries to prepare young people for work.

So far as can be seen, Europe is unlikely to see much improvement in its employment position until well into the 1980s. In the United Kingdom, on present trends it seems entirely possible that unemployment could almost double, to about 2,500,000, by



coincidence the approach of the EEC countries, as accord with the United States (which has the same problems as western Europe) and Japan.

Moreover, there has to be a clear understanding with the trade unions on two fronts.

First, since a reduction in working hours will increase labour costs—as will a reduction in the retirement age—it would be economic suicide to combine such a move with a rash of inflationary wage claims. Shorter working hours must be seen, and accepted by the unions, as an alternative to the minimum age in EEC industry from 65 to 60 for men (to bring them into equality with women). There is an equally strong case, I believe, for planning a gradual reduction in the basic working week from 40 hours to 35.

However, if such a move is to take place it has to be carefully planned and phased over a period of years. No single country could afford a move in isolation. There is, therefore, a clear role for the European Commission to try to

process. The coup last October was just the last chapter of a long drama that began in 1971 after Liu Shao's death. It was not a sudden thing.

Another Chilean parallel, he believes, is in the roles of General Pinochet and Chairman (though he insists on calling him "Mister") Hua. Both men were placed in office, he maintains, by people more powerful than themselves, but then proceeded to exert the power of their office to an extent which surprised those who had put them in it.

In 1974, about a year after the coup, Rojas went to China to work on the *Peking Review*, and left only a few weeks ago. He does not expect to return, because he supported the losing side, the Gang of Four, in the power struggle following Chairman Mao's death.

"I lost in 1973," he said belatedly. "And then four years later I have lost again."

He drew a surprising parallel between what happened in Chile and what has just happened in China. "It is the same phenomenon but in a socialist society rather than in a capitalist society. In both places there was a successful coup. The army and the bureaucracy took power. The Chinese working class, like the Chilean working class, lost power."

But in China, according to Rojas's analysis, it was a long

Ministers approved a recommendation that the 40-hour week and four weeks' annual holiday should be mandatory throughout the EEC by the end of 1978 (the Commission had waited the date in be-

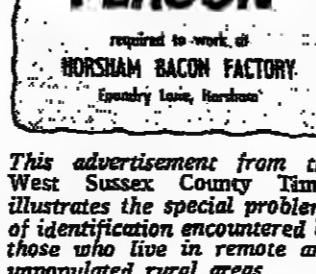
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PERSON

required to work at
NORSHAM BACON FACTORY
Farnham, Surrey, Lancashire



This advertisement from the West Sussex County Times illustrates the special problems of identification encountered by those who live in remote and unpopulated rural areas.

This England

The silver jubilee promotion which is likely to be seen by most visitors to Britain this year is centred not on modern royalty but on William Shakespeare. Selfridge's have transformed their fourth floor exhibition area into an Elizabethan village, with shops and market stalls given an old-world look with simulated beams and medieval lettering.

Rojas, though, will not be there to watch. He plans to write a book about China, and will probably settle in Spain to do it, though he declines to be specific. "I don't want to make things easy for the Chilean secret police," he explained, smiling nervously.

plays. Some stiff tableaux of conspiring Romans and doting lovers are already on display inside.

In the Elizabethan village yesterday an old-fashioned cobbler was sewing shoes called Moccasin Wallabies from machine-cut parts. A stall was offering severe plastic dolls of Elizabeth II and rather friendlier ones of Henry VIII and two of his less well-known wives. The Elizabethan tavern sold wrapped "overfilled American sandwiches".

There were also a group of players in puff pants and baggy hose, who are to be appearing regularly for the next six months performing extracts from Shakespeare's plays.

Yesterday they had chosen pieces involving Sir Toby Belch and Sir Andrew Aguecheek from *Twelfth Night* and Kate and Petruchio from *The Taming of the Shrew*. A peculiar way to celebrate.

Heal thyself

Three identical envelopes arrived on the desk of the company secretary of *The Times* last week. They all contained a copy of a brochure from Inter-mail Ltd entitled "Cut your wasted mailings".

"Is your mail going to the right address?" it asked. "With the constant threat of even higher postal charges coupled with ever increasing

stationery costs, wasted mailing is a big drain on company profits."

"Here at Intermail lists are maintained to the highest possible standard of accuracy by our own experienced research team. Every available source of information is gathered and any necessary amendments, additions or deletions, are made daily."

The brochures were mailed to the Sales Promotion Manager and the Group Publicity Manager of Times Newspapers, and the Sales Promotion Manager for the Thomson Organization. None of these people exists.

Two wrongs

There were mixed pickings in Strasbourg yesterday for the eight Russian journalists and broadcasters who have been taking a close interest in the protracted Anglo-Irish torture case, now approaching its final stages. During the morning the Russians occupied their usual seats inside the spacious European Court of Human Rights, taking copious notes, while a Soviet cameraman filmed the uninspiring tableau of British and Irish lawyers, black-robed judges and foreign journalists for the second day running.

The tough-looking Russian team includes a man each from both the London and Paris offices of Tass and Pravda, one of whom was detained by the police at Heathrow earlier this year after going on a fact-finding visit to Belfast. British officials believe that the interdict being shown in the often dry and legalistic court proceedings is with a view to providing propaganda for the forthcoming East-West conference in Belgrade.

61 can get you into the Daily Mirror, Inv...
A cartoon showing a person holding a newspaper with the headline "61 can get you into the Daily Mirror, Inv..."

Later in the afternoon the boot switched to the other foot when a group in the European Parliament called a press conference in the gleaming new building next to the court. The subject was human rights, and the speaker was Andrali Amalrik, the dissident Soviet historian and former inmate of a Siberian prison camp, now exiled to The Netherlands where he holds a post at Utrecht University.

A few of the Soviet reporters were spotted in the crowded conference room as the bearded Amalrik launched a bitter attack in Russian on the lack of human rights in the USSR. Much of his invective was reserved for the plan to hold the Olympic Games in Moscow in 1980 while "thousands of people" were being held in camps because of their political views. British reporters had little doubt which of the two Strasbourg stories would get more prominence in the Russian papers.

The Prime Minister was in his sunniest mood when he presented the British Press Awards in London yesterday. "I come here," he told the guests, "with mingled apprehension and exhilaration—what Mr Biggs must have felt when he went aboard HMS *Danae*".

PHS

The Times Diary

Backing the losing side once more

To lead an undercover existence and to try to promote a book at the same time is to be in a situation fraught with contradiction. "Robinson is never late," said the man from Harcourt and Roy's publishing firm as we climbed the stairs to his office for our appointment. Yet as we waited 20 minutes for the elusive author to arrive, the publisher confessed that he could not telephone him, because he did not know where he was staying.

Robinson Rojas Sandford is a Chilean Maoist. His book, *The Murder of Allende*, is published next week. It describes the death of the Chilean President in elaborate detail, and documents the American involvement in the military coup during which he was shot.

After the coup, Rojas (he uses his second name as his surname) took refuge in the Panamanian embassy before being given a safe conduct to the airport. But he believes the Chilean "fascists" would like to get their hands on him, and fears the vigilance of their secret police.

The publisher, like to dramatise this aspect of his visit, "He goes round with a friend, Enrique Rodriguez", one told me as we awaited their arrival. "More of a bodyguard, really", corrected the other, conspiratorially.

In 1974, about a year after the coup, Rojas went to China to work on the *Peking Review*, and left only a few weeks ago. He does not expect to return, because he supported the losing side, the Gang of Four, in the power struggle following Chairman Mao's death.

But this, he stressed, was an internal struggle among the bureaucrats. The only way to resolve the more important struggle between the "exploiting" class and the Chinese workers was, he feared, through civil war, and there were signs that it was already beginning.

Rojas, though, will not be there to watch. He plans to write a book about China, and will probably settle in Spain to do it, though he declines to be specific. "I don't want to make things easy for the Chilean secret police", he explained, smiling nervously.

From the end of the month until September, many of the store's windows are to feature characters from Shakespeare's plays. Some stiff tableaux of conspiring Romans and doting lovers are already on display inside.

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Austrian tourism and conference centres

Country always in season

by Pieter Zwart

Austria, like Spain, used to be considered an inexpensive country to visit. This is only partly true however, as the costs very much on the type of holiday one takes.

For instance there are low-budget motoring holidays with some 780 farmhouses and hotels listed where one pays £2 to £3 a person a night.

The package tour operators have also kept their prices reasonable by buying blocks of beds for a season at—some say—a quarter of the cost price for the individual. But in the main, with the falling pound and the strengthening of the schilling, it may be said that, for British tourists, Austria is expensive and is becoming more so despite its low inflation rate of 7 per cent a year.

Tourism is the most important item on the export side in the balance of trade. Last year it covered 54 per cent of the deficit in the balance of trade, and the year before 90 per cent.

Though there was a small drop in tourist figures last year—1 per cent—Dr Helmut Zoller, managing director of the Austrian National Tourist Office, is confident that this is only a temporary setback. He says: "The winter season is running well. We look forward with optimism to the summer season."

Austria has a special appeal for the conference trade. It is a stable country politically, pursuing a policy of "active neutrality" and thus attracts world leaders. It has the facilities to accommodate large international conferences, in Vienna's Hofburg for instance, and is looking to the future with self-confidence in building a new American conference hall on the site of the United Nations City which will house the United Nations Industrial Development Organization and the International Atomic Energy Agency.

It is also a country used for sensitive talks such as the Cyprus conference.

Geographically the country is at the important crossroads between East and West. No wonder then that places ranging from ski resorts to smaller spas and towns are becoming concerned with providing meeting halls for delegates who can enjoy the particular attractions they offer the ordinary tourist.

Austria is fortunate in having an all-the-year-round season. It can offer skiing in the Alps in the winter, and outdoor sports such as sailing, riding, and mountaineering in the summer. With the strong competition from other countries for tourists it is trying to do more in the cities.

In its promotion this year the Austrian National Tourist Office is emphasizing the unspoilt nature of much of the countryside. The joys of a low-budget motorizing holiday are being promoted—it is still possible in a village 15 miles from Vienna, Gumpoldskirchen, to sample the life of an inn where the landlord makes his own wine and advertises the *heurige* of his house with pine boughs suspended over a long

Austria has many hotels, ranging from the family-service pensions to larger, newer hotels such as the Hilton in Vienna and a Holiday Inn in Innsbruck. Indeed there is danger of overcapacity; further government aid is being given for new hotels.

The tourist office organizes an annual tourist exchange (now in its second year) early in the season where hoteliers can meet tour operators and others interested in the travel trade to discuss such things as hotel bookings.

The Vienna Tourist Board has responded to Vienna's overcapacity by organizing an electronic booking system for hotels and pensions in the city, where larger hotels have telephone links and smaller hotels telephone connections.

No favouritism can be shown by the computer since demands for accommodation are dealt with in strict rotation of those needing visitors. Though the hoteliers may point out with pride that their prices have kept pace only with the prices index, they still face high taxes and charges on drinks (for instance service, beverage, VAT and music charges).

These may amount to 50 per cent and one may pay about £1.50 for a beer and £1.75 for a soft drink. The



Getting results with gemütlichkeit

by Annelise Schulz

Inevitably, all discussions on the merits of Vienna as a conference centre start with reminiscences about the Congress of Vienna, that famous gathering of 1814-15 in the sparkling capital of the Austrian Empire, one of the four powers which overthrew Napoleon.

The Austrians say it was Lord Castlereagh, the British Foreign Minister, who proposed Vienna as the most suitable venue for the meeting entrusted with working out the post-Napoleonic political order in Europe. The balance of power decided that the congress remained fairly intact until the First World War, yet it was above all the magnificence of the court, the Spanish riding school in the Hofburg, where deft movements are performed to music throughout the year except in the summer months, is coming to London this autumn to promote Vienna.

There are also talks going on between the Vienna Tourist Board and the opera authorities to see whether opera tickets can be released to tour operators so that a visit to the opera becomes more than an outside chance for visitors. In addition, the Spanish riding school in the Hofburg, where deft movements are performed to music throughout the year except in the summer months, is coming to London this autumn to promote Vienna.

The Viennese are realizing the worth of their museums—they have an interesting watch museum, for instance, and one of the finest collections of Brueghel paintings in their National Gallery and of Rubens drawings in their Albertina Museum. Outside Vienna the romantic appeal of *schlösser* (castles) and palaces is being promoted.

Few cities have done more than Salzburg to promote their romantic appeal. The city is still the backdrop of the *Sound of Music* or the Christmas show of Perry Como for many Americans. But for some years the tourist board has helped about a hundred couples a year from all over the world who get married there in the marble hall of the Mirabell Palace.

For those to be married in Salzburg the city tourist office will arrange the stag party, the wedding reception, order the photographer and the bouquet, make the hair appointment and book the beautician, and inform the couple of the price-reductions not only in hotels but among jewellers and florists. Nearly all the bridegroom has to do is to propose to his bride that they be married in Salzburg.

What is more, the Viennese had the good sense to establish an international congress centre inside the former Habsburg Winter Palace, combining historic buildings with modern technical equipment.

In fact, the Government is an important client. About half the events held at the Hofburg centre are booked by the Austrian authorities or the United Nations. The remainder are private functions of varying size and duration.

In 1976, 460 conference

visual apparatus, including projectors, economic conference interpreter networks, sultans, insurance companies, diabetics, and the translation of six to eight languages, were installed. The Hofburg centre has conference space for up to 3,000 people in 15 rooms.

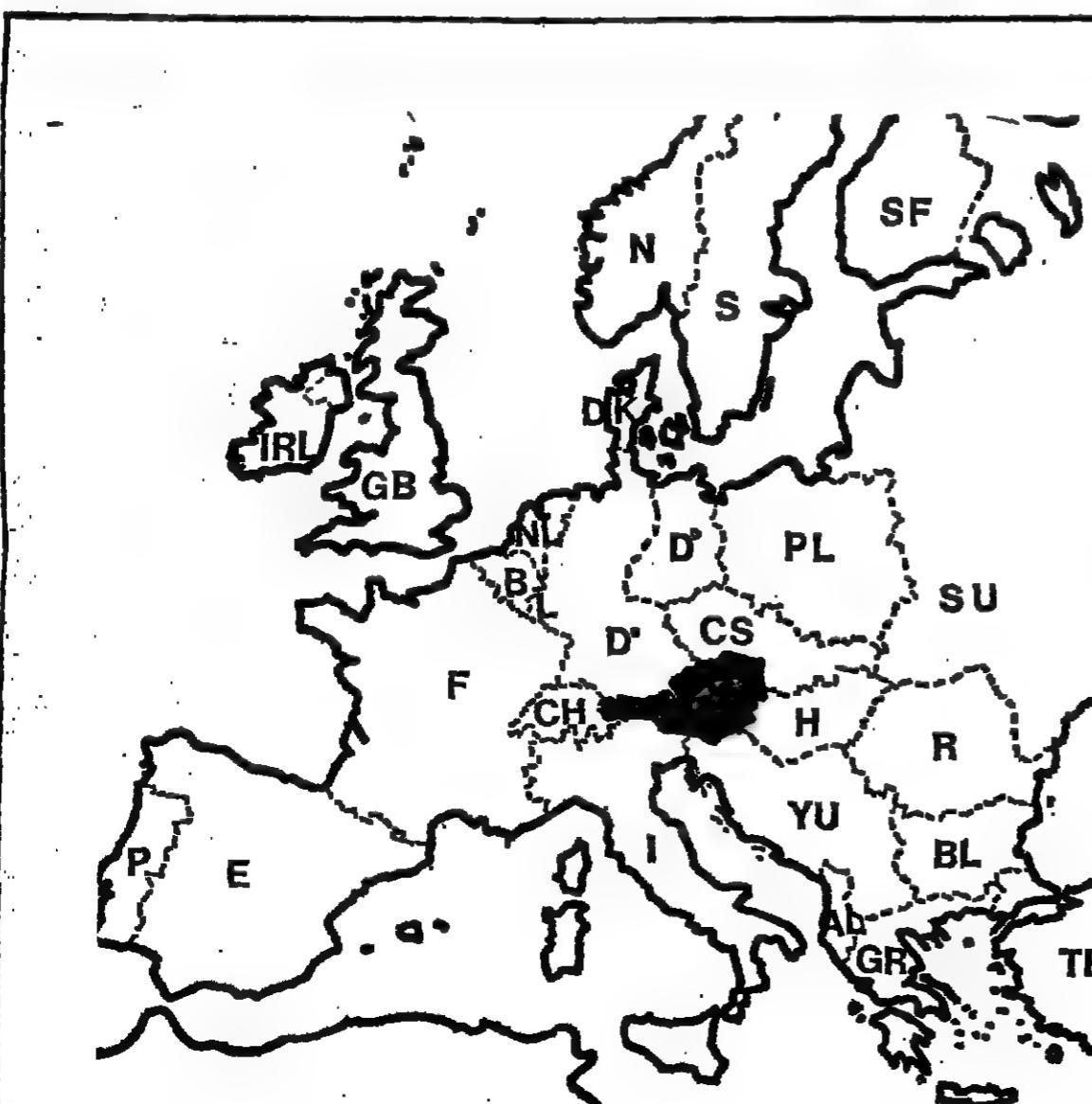
A new office wing provides facilities for press, radio and television coverage, film projectors, closed-circuit video recorders, 10 telephone lines with 170 extensions inside the building, separate radio and television studios, 50 telex points, sufficient space for exhibitions, documentation, printing facilities, typing pools, and eight large and 40 small offices.

The vast marble entrance hall houses reception and information desks, travel agencies, post office, bank and exchange counter, messenger service, newspaper stand, cigarette and souvenirs shops, and cloak rooms. Visitors walk up the grand red-carpeted staircase with a bust of Emperor Franz Joseph at the top—to the first floor conference area. The large Festival Hall which can seat 1,200 delegates, occasionally serves as a ballroom.

The Hofburg Congress Centre has been administered since 1969 by a private company owned by a group of large Vienna hotels which leased the Hofburg premises from the Government. The company has so far made a profit, especially since the Government must pay the same rental as other institutions when using the conference facilities.

This Hofburg Congress Centre was opened in 1958 in the former state and reception rooms of the Palace, among them the Throne Room, the Privy Council Chamber, the Festival Hall, and the Knights' Chamber. Their outward appearance, with magnificent chandeliers, wall decorations and painted ceilings remained almost unchanged.

Among this year's bookings are international meetings of doctors, of Vienna Woods to attract international customers to their capital.



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Highlights of Annual Report 1976

Dr Erndl
General Manager and ChairmanDr Strobl
Manager**Solid Base for Further Success**

In 1976 growth rates which, for the most part, were well above those seen in year before, were reflected in all areas of our business. After a sluggish first half, loan demand picked up vigorously in the latter part of the year and the high rate of credit expansion outpaced the progress in new deposits. Taken as a whole, the results for 1976 were satisfactory.

An increase in capital entailing cash payments of Austrian Schillings 54 million strengthened our capital base in the first three quarters of the year since the end of World War II.

Positive Net Balance Sheet Total

The balance sheet total reached A.S. 65.5 billion, an increase of A.S. 9.2 billion or 16.3% (1975: +13.7 billion or 32.2%).

Outside Funds A.S. 61.6 billion

Total liabilities at A.S. 61.6 billion were higher by A.S. 8.175 million or 13.3% compared with 1975. The year saw a rise in A.S. 5.0 billion (1975: +13.672 million or 24.4%). Foreign currency deposits by foreign banks accounted for 23.4% (1975: 20.7%).

A.S. 2.1 billion Growth in Savings

Savings recorded a gain of A.S. 2.084 million or 14.7% (1975: +2.246 million or 18.5%). This was mainly due to the A.S. 1.2 billion progress in savings which was marked by a reversal in the underlying trend, with deposits subject to legal notice of withdrawal growing faster than the average. Premiums for early withdrawal of savings deposits advanced by about 45%.

Landerbank Bonds of 1978

An additional A.S. 440 million in new issues brought the aggregate amount of bonds issued by our bank to A.S. 2.2 billion, while one bond issue in the total principal amount of A.S. 400 million accounting for the bulk of the volume of new issues.

Total Lending up 24.7%

The commercial credit volume increased and amounted to A.S. 2.2 billion or 24.7% (1975: +4.0 billion or 18.3%) to A.S. 32.2 billion after A.S. 25.9 billion in the previous year. The growth of credit commitments made by A.S. 4.4 billion, but because the new facilities did not reach their peak until the second half of the year.

Further Expansion in Money and Foreign Currency Transactions

Banking services available in the domestic money market in the first half of 1976, but grew scarcer in the last quarter of the year. Refinancing facilities offered by the Austrian National Bank were reduced to a greater extent than before.

In the international exchange markets, trading followed a very lively pattern and both importers and exporters made increasing use of the possibility to provide against exchange risks.

Extraordinary Rise in the Volume of Securities Transactions

As a result of the favourable conditions prevailing on the Vienna Stock Exchange and in the money market, the volume of securities transactions rose by 77.5% (1975: +10.0%). The issue of new shares by Creditanstalt-Bankverein to buy back were examples of the large-scale issues of stocks undertaken for years. There was a lively response from investors, and considering the large number of subscriptions received, the transaction may be described as a special success.

Dipl.-Ing. Dr. Klemmer
Deputy General ManagerDipl.-Ing. Dr. Tschögl
Manager**Total Liquidity Stood at 51.7%**

against 51.4% last year. Liquidity of the first half was accounted for 13.1%, down from 15.1%.

1976 Growth in Turnover

Turnover in Austrian Schillings and foreign currency increased by A.S. 1.822 billion or 32.1% (1975: +1.339 billion or 36.5%), reaching a total of A.S. 6,600 billion in the year under review.

Performance Indicators Continue to Move Upward

% Change from Previous Year
1976 1975

Turnover in Austrian Schillings
on current account +28.6 +11.8

Turnover in foreign currency
on behalf of customers +10.8 +17.0

Turnover in securities +7.5 +10.0

Number of book-keeping
clients +8.4 +2.9

Number of cheques processed +18.2 +19.1

Cash deposits and
withdrawals +6.3 +7.6

Number of foreign
branches +20.9 +1.8

Number of accounts and
custody accounts +10.5 +7.2

The number of accounts and
custody accounts +500,000 +58,700

The Number of staff
employed at 2,824 was heightened by 28 employees
or 1% than in 1975.

Net interest income
totalled A.S. 793.6 million, an increase of
26% over last year. While the gain in credit
margin was 2.2%, the effect of rising interest rates
had the effect of raising interest income, there
was none the less the tendency for interest
margin to move lower.

Comments

Commercial credit volume (A.S. 447.0 million 1975:
128.8 million) - The relatively small gain of
A.S. 182 million or 43% (1975: +62.0 million
or 16.8%) was due to a lower level of com-
mercial credit volume and credit transactions as a
result of competition.

Expenditure on Personnel

including general benefits and pensions totalled
A.S. 802.8 million (1975: 645.6 million), an
increase of A.S. 45.0 million or 7.0% com-
pared with 1975. The main cause of the increase
was the increase of increased payments
under wage agreements.

Expenditure on Materials

Totalled: A.S. 239.5 million (1975: 312.7
million), an increase of A.S. 23.8 million or
14.1% (1975: +16.7 million or 8.5%) caused
by another cause, such as the rise in postal
rates.

Tax Payments

Totalled: A.S. 147.4 million (1975: 122.4
million), up A.S. 25.0 million from last year.

Own Resources A.S. 2,178 million

Own resources reached a total of A.S. 2,178
million compared with A.S. 1,883 million 1975.
The increase of A.S. 295 million, together with the premium,
produced A.S. 540 million in new funds. Of
the profit, an allocation of A.S. 92 million
to basic capital, reserves and items similar to
reserves totalling A.S. 2,170 million reached
8.8% of outside funds (1975: 2.3%).

Additional items in the category of funds
supplementary to the capital and reserves

(A.S. 182 million) and global value adjust-
ments (A.S. 500 million).

The net profit including the amount of A.S.
1 million carried forward from last year is
A.S. 81 million. The Managing Board has
again recommended the distribution of a

Dividend of 10% on the increased basic capital, amounting to
A.S. 90 million.

**Consolidated Balance Sheet Total of
Anderbank-Group Reaches A.S. 82.8 Million**

The credit institutions forming the Landerbank
Group - Österreichische Landerbank AG,
Österreichisches Credit-Institut AG, Eisen-
städter Bank AG, Austria Telekabel AG, and
Gesellschaft für Waren- und Auslandshandel
GmbH - also show a consolidated
balance sheet total of A.S. 82.8 billion at the
end of 1976. Outside funds aggregated A.S.
76.9 billion and commercial lending reached
A.S. 41.7 billion.

**Consolidated Balance Sheet as of
December 31, 1976 and Comparison with 1975
(in million Schillings)**

ASSETS

	1976	1975	Change
Cash reserve	4,992	5,144	-152
Bills of exchange	7,781	6,285	+1,475
Federal treasury bills	1,264	1,365	-101
Own securities	7,851	4,953	+2,938
Claims against clients and institutions	17,078	17,483	-404
Depositors	24,484	19,580	+4,904
Participations	988	811	+177
Lands, buildings, furniture and other assets	232	218	+14
Other assets	932	772	+160
Total Assets	65,555	59,356	+6,199

LIABILITIES

	1976	1975	Change
Creditors	43,070	37,418	+5,651
Seizing deposits	16,308	14,224	+2,084
Own issues	2,187	1,747	+440
Basic capital	900	930	-30
Reserves	1,270	935	+335
Reserves for specific purposes	789	688	+101
Global value	500	393	+107
Other liabilities	440	288	+154
Net profit (including amount carried over)	81	61	+20
Total Liabilities	65,555	59,356	+6,199

Profit and Loss Account (in million Schillings)

EXPENDITURES

	1976	1975	Change
Expenditure on personnel	532.9	493.6	+39.3
Expenditure for marketing purposes and pensions	187.9	152.2	+35.7
Buildings and equip- ment depreciation	72.8	68.9	+3.9
Travel expenses	147.4	122.4	+25.0
Expenditure on materials	238.5	212.7	+25.8
Allocations to reserves	98.0	97.0	-1.0
Net profit	81.0	61.0	+20.0
Total Expenditure	1,322.6	1,205.8	+126.8

EARNINGS

	1976	1975	Change
Carried over	1.0	1.0	
Interest and dividends	706.5	670.0	+36.5
Commissions and fees	447.0	428.0	+18.2
Other earnings in excess of other expenditures	81.0	80.0	-1.0
Total Earnings	1,322.6	1,205.8	+126.8

Even the performers By comparison morris dancing looks like the Royal Ballet.

No again can it be in gastronomic enjoyment.

Austrian food tends to be dull, heavy, sickly or all three. By contrast the local wine is surprisingly light and heady, and there is always schnapps, that guaranteed morale raiser on cold, overcast afternoons at the top of a particularly steep and tricky run.

To one whose skiing experience until then had been limited to the frozen slopes of Canada, the soaring snowfields glistening against a deep blue sky, the scent of flowers and the Mediterranean summer sending advance signals over the high passes, the outdoor cafe with sunburst figures relaxing over midday drinks were unforgettable.

Those who have been led by the sheer beauty of the place, the Alpine regions of France, Switzerland and Italy have their share of spectacular scenery, but whereas skiing resorts in those three countries often appear cold, harsh and artificial, the Austrians have applied the same sort of environmental genius that created their great and glorious capital city.

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The first waltz at Vienna's Opera Ball held in the Staatsoper auditorium every year on the Thursday before Ash Wednesday. Fasching is the season of carnivals and balls when almost every profession and organization holds its annual soirée. From new year's eve until the beginning of Lent there are hundreds of balls as well as smaller private dances, the chief being held in the Hofburg and other former palaces as well as the large hotels and concert halls.

Wine, water and Weber

by John Higgins

On Saturdays and Sundays in late summer the evening cream of car restaurants Vienna is likely to encounter an equally sizeable convoy heading in the opposite direction. Many of those going back to town will have spent their day on the Neusiedlersee, which marks Austria's frontier with Hungary, gorging on eels from the lake or the foss fish bought across the border. This easternmost province, Burgenland, provides some of the best eating in the country and some of the best drinking too from the vines at the base of the Leiserberg.

Those leaving Vienna will almost certainly be heading for a small village at Austria's southernmost tip of the Neusiedlersee, Mörbisch. The festival there generally starts on the last Saturday in July and runs on weekends until the beginning of September. It is probably unique in Europe in confining itself to a single opera a year, this year's production being Poulenc's *Viktoria and her Hussar*.

Mörbisch is operetta. The cars and coaches thread their way through the narrow streets of the town, watched by the workers who find good fishing in this part of Austria. A causeway leads over reeds and water to the stage which has been built out on the lake.

Mörbisch enjoys itself. The cast at the entrance to the open-air theatre dispense his drinks, mainly quarter litres of white wine, rather than a Hampshire Heath public house on Bank holiday Monday, and the one hotel on the premises is not devoted to early closing. Nor indeed are the *Stüberl*, bars in Mörbisch itself, where it is possible to eat and drink by the side of the pleasure boats.

This most easterly of Austria's festivals was created a couple of decades ago by Herbert Asiens, a distinguished operatic bass in his Neusiedlersee until he found the right corner for his purposes and his care has been rewarded with audiences of 2,000 or so a night.

He takes some of his singers from Vienna's Volksoper and most of his dancers from Hungarian State Ballet. It is no surprise that *Der Zigeunerbaron*, the work by Johann Strauss which spans both countries, is Mörbisch's favourite opera.

Austria's other important *Seebühne*, or lake stage, is at the far end of the country in Bregenz. The town on the Swiss border is becoming a popular winter resort, the Mörbisch and Forchheimen and makes sure that a proportion of its performances take place indoors in the Theater am Konmarkt.

Bernozzi's *La Favorita* opens the festival this year with Francesco Molinari-Pradelli conducting the Vienna Symphony. Donizetti is indoors and the following night (July 22) Weber goes out of doors, weather permitting. *Oberon*, the opera which he composed for Covent Garden, is the 1977 choice for the lake and advance sketches of Tom Businger's sets suggest that he has made good use of the watery setting for Weber's tale of chivalry in the Near East.

The other big events at Bregenz this year will be a series of concerts by the Vienna Symphony conducted by, among others, Kondrashin and Schneiderhahn, and a visit in August by the Russian Ballet Company of Perm, which is bringing the smaller auditoriums.

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Tchaikovsky's *Sleeping Beauty*. There has been talk of staging Johann Strauss's first opera, *Indigo*, later in the 1970s.

Vienna's own *Festwochen* normally start on the last weekend of May. There are speeches outside the town hall on Saturday evening followed by Strauss and firework displays. The *Thunder and Lightning Polka* is usually appropriate.

Sunday morning is much more sedate. Dark suits are de rigueur for the evening concert which alternates between the city's two main auditoria and there the ties are loosened over a substantial lunch which is likely to go on through the afternoon.

This year, however, Herbert von Karajan is returning to the Vienna State Opera for the first time since his disagreement with the house more than a decade ago. He has his own festival according on May 8 when he will conduct three performances each of *Bohème*, *Trovatore* and *Le Nozze di Figaro*. The second *Figaro* on May 14 is also the opening night of the festival which runs until the end of June.

The author is Arts Editor, The Times.

Costs among the highest

by Penelope Turing

From alpine meadows in Tirol to the rolling steppes of Burgenland, or the warm lakes of Carinthia to vine-grown slopes in the Danube valley, Austria is an outdoor country by natural endowment and human inclination.

The average Austrian—young, old, male, female, fat or slim—is a very much better walker than the average Briton, and at weekends, holidays and any time when they can hang *geschlossen* on the office door will find them away to the country.

The visitor who wants something more than the mass-produced holiday product is wise to do the same. First, this is the way to outstrip the main tourist crowds. Second, the natural gifts of Austria are well worth while, a small country rich in mountain lakes, forests and rivers of surprising variety. Lastly, this is the cheapest kind of independent holiday.

Salzburg is dominated by the reputation of the city with its picturesque charm, ecclesiastical dignity, and the artistic fame of its Easter and summer music festivals. Less well known to British visitors are the fashionable spas of Bad Gastein and Bad Hofgastein (except in their winter sports capacity) but they are fashionable resorts.

There are opportunities for riding, fishing and walking in this region, but it is a less obvious choice for the simple outdoor holiday.

Sailing on the Salzkammergut lakes on the borders of Salzburg and Upper Austria—Ammersee, Traunsee, Mondsee and Wolfgangsee is the outstanding sport here. Yachting clubs and schools exist on all these and there are facilities for hiring sailing boats on them as well as on several smaller lakes.

Carinthia fills the central section of southern Austria with Yugoslavia and Italy on its borders and Klagenfurt as its capital. Here are the big lakes: Wörther See, famous for its watersports—often warm enough for bathing in May—Mühlstausee, Ossiacher See, and a number of smaller ones, offering sailing, swimming and other watersports.

Carinthia, ringed with mountains, is largely unknown to British tourists: remote, beautiful, with a distinctly romantic medieval mood.

Something of the same character is found in Styria in the south-east. Green Styria is a land of emerald valleys, hills and vineyards in the south and huge areas of forest to the north where it joins Lower Austria. Its capital, Graz, Austria's second city, is a charming old town and the whole region well repays leisurely exploration.

The first is preferred by many, and is at face value the more economical, but it is quite a long drive from the Channel ports through France or Belgium and Germany, especially if one is going to the lovely eastern regions of Austria. Time and the expenses of intermediate stops have to be weighed in the assessment.

For those who decide to cut journey time British Airways' two services Fly-Drive (ordinary car hire without deposit) and Free-wheeler (a small car provided free for seven days when two adults travel by normal economy excursion fare) may prove a good solution. Both are available from Vienna and Munich airports. Premium petrol in Austria costs schillers a litre.

Burgenland, immediately east of the capital, opted to join Austria after the First World War but in most respects appears Hungarian. Here are the beginnings of the great steppe country of Central Europe, the low, long, one-story houses, the geese and the gulls and the vineyards. The great shallow lake Neusiedlersee provides for sailing, fishing and swimming and its solitary shores and reedbeds are ideal for bird-watchers.

Vorarlberg and Tirol are the two western provinces most easily accessible by surface transport and therefore most familiar to British holidaymakers. Vorarlberg is small—just the mountain region behind Bregenz, the festival town on Lake Constance and like Tirol best known for winter sports and for the popular



The view from inside Salzburg's carillon across the town. The clocktower plays at 7 and 11 am and at 6 pm. It was built in 1702 in the time of Archbishop Johann Ernst Thun, and is installed in a tower in Residenzplatz opposite the Renaissance Residenz, town house of the prince-bishops of Salzburg. The 35 bells were cast in Antwerp and the tunes played are taken from the works of Mozart, Haydn and Weber. Each recital is followed by another from the 200-pipe barrel organ in the fortress, the Hohensalzburg Festung.

Storks nesting on a chimney in Rust, one of the small towns of Burgenland on the shore of Neusiedlersee. Storks have become almost the hallmark of Rust where the inhabitants often arrange special platforms to help nesting. Although beside a freshwater lake, Rust has very much the character of a seaport, including a fishermen's church with model ships. It is also the centre of the Burgenland wine-growing region. Most of the growers sell their own wine, displaying over their doors the evergreen branch from which comes the old expression "good wine needs no bush".

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Creditanstalt-Bankverein reports on 1976

Domestic leadership...

Creditanstalt-Bankverein, founded in 1855, is Austria's most strongly-based bank. It grants about 25% of the total volume of credits to Austrian industry and of the country's top 100 companies, 90 are among its customers. Its leading role in the domestic capital market is underlined by the fact that in 1976 over 20% of the new bond issues were guaranteed by the bank; of the 20 foreign stocks listed on the Vienna Stock Exchange 18 were introduced by Creditanstalt-Bankverein. It provides over one third of Austria's export credit facilities and arranges international payments to about the same extent.

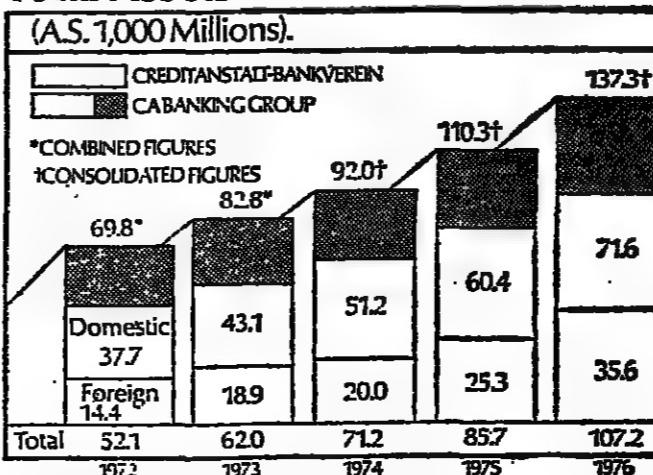
...and international capabilities

Without a massive network of offices abroad, Creditanstalt-Bankverein's international resources and skills are nevertheless impressive. In 1976 the bank was a member of the lead consortium for eight major international bond issues and continued to be active in the Euromarkets. As a member of the EBIC Group, which includes some of the world's major banks, it offers immediate access to a worldwide network, and an unrivalled range of services. In 1975, the bank was the first in the OECD area to open a representative office in Budapest. Last year it acquired, together with Bayerische Vereinsbank and Antony Gibbs Holdings Ltd, Wirtschafts- und Privatbank, Zurich.

The year's activities...

Within the framework of a recovering economy, the Bank's balance sheet total grew by 25%. After a late start demand for credit rose to peak levels, resulting in a 17% increase of the total domestic loan portfolio. Deposits from customers went up by 22%, a rate well above the Austria average. Foreign business increased and loans to customers abroad advanced by 3,900 million A.S. (44%) to nearly 13,000 million A.S. A 50% capital increase strengthened the bank's position even further. The bank maintained its good earnings position. A dividend of 10% on the increased capital was paid and 345 million A.S. transferred to reserves.

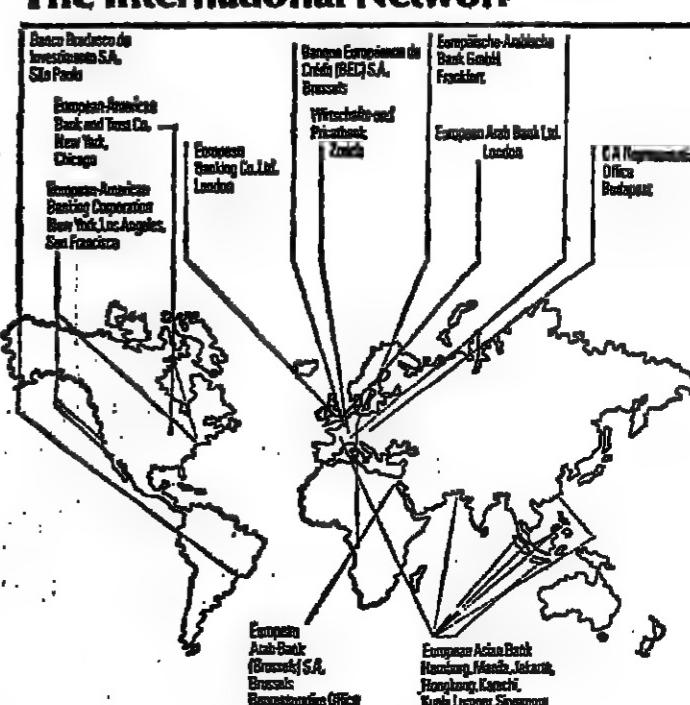
Total Assets



The 1976 Balance Sheet

	Creditanstalt-Bankverein A.S. Millions	CA Banking Group (consolidated figures) A.S. Millions
Loans	58,978 + 21.3%	78,492 + 21.3%
Due from Banks	25,047 + 35.2%	26,944 + 37.5%
Securities	17,381 + 22.0%	22,767 + 22.7%
Deposits	98,919 + 25.0%	123,996 + 24.5%
Capital and Reserves	5,688 + 32.6%	7,058 + 28.6%
Balance Sheet Total	107,166 + 25.1%	137,343 + 24.5%

The International Network



Creditanstalt-Bankverein

To Public Relations Dept. (T1)
Creditanstalt-Bankverein, Schottenstrasse 6,
A-1010 Vienna.
Please send me a copy of the Creditanstalt-Bankverein Annual Report for 1976.

Name _____
Company _____
Address _____

During 1977 it is expected that the Austrian export effort will increase and the bank will support industries investment programme through its comprehensive range of financing services. As a complementary exercise the bank intends to strengthen its international position.

by Joyce Rackham

Austrians take great pleasure in wine (they produced about 300 million litres last year), and for the traveller one of the delights is the certainty of sharing it in charming and civilized surroundings.

Vienna alone has several thousand restaurants, inns, cellars, and cafés, and for the visitor some of the most intriguing are the *Kellerlokale*, wine rooms in ancient vaulted cellars, often in historic premises. If you want to escape fellow tourists, look for a *Beisel*—the Austrian counterpart to the British public house—where you can find some of the modest local dishes rarely listed on menus catering for tourists.

If you like music with your wine, go to one of the *Konzert-Kaffee Häuser*, or travel to the outskirts of the city to one of the *Heurige* taverns at Grinzing, Sievering or Nußdorf. They are in the small wine region which bears the capital's name.

Where pine branches hang outside the door, it is only a short train Vintner's Museum.

according to a medieval journey from Vienna to the district, the owner may sell wine town of Gumpoldskirchen on the eastern slopes of the Vienna Woods. Grinzing has its own vineyards. In the old cellar's mercifully marked map, there you can taste some delectably voluptuous gold examples which mature well up to 20 years.

Recently I tasted the Gumpoldskirchner Dr Lueger 1973, made from two characteristic local grapes, Spätrot and Roter Lipofler (shipped to Britain by the house of Morandell).

If you have been to the Heurige, and enjoyed the wine, go home by train, bus or taxi! The No 38 train is the one to take from the city centre.

Austrians are proud of the Heurige tradition and are sure to relate how much Mozart, Beethoven and Schubert, in their day enjoyed drinking in taverns and how it inspired their finest works.

Beethoven is also quoted for his testimonial to Gumpoldskirchner, probably the best known Austrian wine them. Lower Austria, in which it is situated, is the largest region, producing more than 60 per cent of the national total. It is said that his doctor recommended it as "the best ancient centre is Krems, with its fascinating vines like Moser's Aper-

Not far away in Rohren-Rheinisch, fuller-dorf, where the family firm of Lenz Moser, founded in the eleventh century, has the second largest demarcated region, which extends to the Hungarian frontier.

In the hands of an Austrian chef, boiled beef is done, Viennese cakes with given zest; by the addition rich fillings flavoured of several piquant sauces, coffee and chocolate are

a more glamorous form of serving pork (especially croustons "and very light" when cured and smoked).

For many visitors, Austrian patisserie is irresistible. Although Apfelstrudel is still a best seller in London, Viennese cakes with

dark, not too sweet chocolate cake, with a fine chocolate sauce, are the Austrians' pride.

Vienna has a recipe which mounted a gastronomic festival in London, they

listed with the puddings, make it.

Such glaziered cakes as Soufflé Rothschild and Salzburger Nockerl are probably at its best when consumed with the incomparable Viennese coffee. So

are the Austrians' rich wine sauce, accompanied by noodles and there *Gugelhupf*, the Viennese

rich wine cake, are simpler cakes like

dates back to 1832.

Although *Sachertorte* is ported Vienna's water to

increase production fourfold. It comes from vines near the town of Rust, which is claimed to have the hottest and driest climate in Austria. In 1881 Leopold I made it a royal free city in return for a tribute of 500 jugs of the best local wine. Both Goethe and Schiller used to enjoy the wines of Rust, while Bismarck preferred those from the Burgenland village of Pottendorf.

Dishes both varied and subtle

Connoisseurs in Austria particularly appreciate those wines from the Grüner Veltliner grape, and also seek out wines like Moser's Aper-

Styria, the third smallest vineyard area, has its vines cultivated on steep, sunny slopes, and produces a wide range of styles from many different grape varieties. New on the market here is the delightful dry Styrian Goldene Sudste (from the Austrian Wine Club at £1.35 a bottle).

Dining out in Austria visitors are often surprised by the variety and subtlety of the dishes available on menus in restaurants at many price levels. In cold weather, one can start with some delicious soups, ranging from good home-made bouillon (often with an egg in it) to the filling liver dumpling soup, and the piquant *Goulashsuppe*, so rich you can stand a spoon in it, and a meal on its own.

Two Austrian restaurants in central London, the Kerszenstube and the Old Vienna, both have their own versions of that favourite Austrian hors d'oeuvre, mushrooms deep fried like scallops, served with tartare sauce.

If you see dumplings (*Knödel*) on an American menu, do not imagine something heavy, made of suet, and reminiscent of British school food or the ponderous German variety. An Austrian restaurateur told me his dumplings are really

existence of United Nations organizations in Vienna will be an additional safeguard of this country's permanent neutrality, sovereignty and peaceful existence in the heart of Europe."

The United Nations buildings, which are also known as the Donau Park complex, the International Headquarters and Conference Centre, Vienna, and the Vienna International Centre, are situated in Donau Park overlooking the Danube river. This was the site for a garden exhibition in the 1960s and provides a rural background to the towering blocks.

Herr Jocham Stüber, the architect, has been careful to leave a vista by putting the buildings on stilts. The six Y-shaped buildings thus appear to straddle the park site. The offices are easily partitioned, and there is individually-controlled air conditioning and nearly all the offices have daylight and panoramic views.

One big difficulty for the Austrian Government was that the United Nations agencies overestimated their rate of growth. Initially this was said to be 7,000 employees by the time that UN City, as the press dubbed it, would be completed. Through negotiations the Austrians reduced that target to 4,500. But even that was too high a figure, for the IAEA told the Austrians a few years ago that it could fit in one tower block, leaving another tower block with a capacity for 2,000 staff empty. The IAEA relinquished control of this block and gave it back to the Austrians, who in turn gave it back to the United Nations.

Some headway has been made in partly filling this block by the redistribution of certain units of the United Nations in Geneva and New York. They are: the Centre for Social Development and Humanitarian Affairs; the Division on Narcotic Drugs; the International Trade Law section; and a branch of the United Nations Information Office. They will bring 270 extra United Nations staff to Vienna.

The Austrian Government has made it clear that it has no wish to undermine Geneva's or New York's position as United Nations centres. On the other hand it favours a policy of decentralization of offices within the United Nations system. It realizes that the main political focus of the organization is in New York, and feels that Geneva should remain important for matters within the economic sphere.

But just as the United Nations environment programme unit is established in Nairobi, Vienna would like a functional grouping of units concerned with social affairs, energy, natural resources and technology in the United Nations City.

Vienna sees the building of United Nations City as a concrete contribution to strengthening its role in the international community. Not only is it more effective than investments in arms and defence, but it is also part of Austria's "active neutrality" policy. Its status as a neutral meeting place is enhanced within the international community and at the same time it adds to its own prestige.

Dr Bruno Kreisky, the Austrian Chancellor, has said: "We do not intend to compete against any other country by offering space for international organizations, but we want to make ourselves useful as an international meeting place. The

United Nations City and the benefits of living in Vienna's western suburbs.

Not only is it a city of culture, but it already has three international schools—the Lycée français, an American international school and an English school. In addition, a new shopping centre has opened near United Nations City. The United Nations employees are being offered substantial tax concessions. What more the Austrians may ask, do they need to be persuaded to move.

Despite Austria's low inflation rate and political stability, some United Nations civil servants are reluctant to move there. They are being wooed by the Austrian Government with move.

United Nations City comes to town

by Pieter Zwart

Next year Austria's promise to the United Nations to provide permanent headquarters for two of its agencies in Vienna should come true. The two agencies are UNIDO (United Nations Industrial Development Organization) and IAEA (International Atomic Energy Agency).

Some 2,500 United Nations employees will move into three of the tower blocks now being built as part of the United Nations complex in north-east Vienna. The premises were made when UNIDO and IAEA moved into temporary headquarters in the city in 1966 and 1956 respectively.

One big difficulty for the Austrian Government was that the United Nations agencies overestimated their rate of growth. Initially this was said to be 7,000 employees by the time that UN City, as the press dubbed it, would be completed. Through negotiations the Austrians reduced that target to 4,500. But even that was too high a figure, for the IAEA told the Austrians a few years ago that it could fit in one tower block, leaving another tower block with a capacity for 2,000 staff empty. The IAEA relinquished control of this block and gave it back to the Austrians, who in turn gave it back to the United Nations.

Some headway has been made in partly filling this block by the redistribution of certain units of the United Nations in Geneva and New York. They are: the Centre for Social Development and Humanitarian Affairs; the Division on Narcotic Drugs; the International Trade Law section; and a branch of the United Nations Information Office. They will bring 270 extra United Nations staff to Vienna.

The Austrian Government has made it clear that it has no wish to undermine Geneva's or New York's position as United Nations centres. On the other hand it favours a policy of decentralization of offices within the United Nations system. It realizes that the main political focus of the organization is in New York, and feels that Geneva should remain important for matters within the economic sphere.

But just as the United Nations environment programme unit is established in Nairobi, Vienna would like a functional grouping of units concerned with social affairs, energy, natural resources and technology in the United Nations City.

Vienna sees the building of United Nations City as a concrete contribution to strengthening its role in the international community. Not only is it more effective than investments in arms and defence, but it is also part of Austria's "active neutrality" policy. Its status as a neutral meeting place is enhanced within the international community and at the same time it adds to its own prestige.

Dr Bruno Kreisky, the Austrian Chancellor, has said: "We do not intend to compete against any other country by offering space for international organizations, but we want to make ourselves useful as an international meeting place. The

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Each floor lifted into place

The Y-shaped glass and aluminium-fronted buildings vary from 120 metres to 54 metres in height, and are a feast of engineering skill.

The staircase towers at each end and the central cores are erected by slipform method, and with the construction floors they form the skeleton of the buildings.

The prefabricated floors were assembled on the ground and hoisted into place between the staircase towers and the central cores by means of hydraulic lifting. The regular office floors were then fitted in above the construction floors.

United Nations City will cost about £430m to build.

Two thirds of that figure is borne by the Federal Government and one-third by the city of Vienna. The property belongs to the Austrian Government and is leased to the United Nations at a peppercorn rent of one Austrian Schilling a year. That compares with the high rents for offices in Geneva and New York.

The complex will be linked with new communications to make it easier for the international civil servants to travel to and from it. An underground railway to the centre of Vienna (St Stephen's Cathedral) is planned for the early 1980s.

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NO HELP FROM PATRIOTIC FRONT

It is too soon to say that Mr Mugabe and Mr Nkomo have doused the hopes discussed so cheerfully in the House of Commons yesterday after Dr Owen's report on his African negotiations. But their immediate reactions are not encouraging, for they suggest that Dr Owen has entirely failed to move them from the positions they took up at Geneva which largely contributed to the failure of that conference. They now reject, or at least see no relevance in, Anglo-American co-sponsorship of another conference, this time on an independence constitution. They insist that the only Africans who can be parties to it are the representatives of those who fight—that is, themselves—and they reiterate that their business is with Britain alone.

This is not an outright rejection of a conference, but it repeats their old contention—that it is for Britain to agree with them, and them alone, how and when to hand over Rhodesia, after disposing of Mr Smith by means it is not for the Africans to prescribe. If Britain will not (the Africans decline to admit that Britain cannot) the war goes on.

That is not the conference Dr Owen was describing to the House of Commons. He insists that it can only succeed if all the parties are represented, and of the Patriotic Front leaders he said "I attach immense importance to their cooperation, were we to call a conference. This was one of the reasons why I not only saw them early on in my

mission, but went to see all the frontline presidents, including President Machel in Mozambique and President Neto in Angola." Presumably he is not unprepared for this initial unhelpfulness. But evidently the first of the preparatory discussions that he envisages must be to get them to adopt a new attitude, with the help of the presidents now meeting in Luanda to discuss intensification of the war.

The most obvious argument in put to them is that their inflexibility may help Mr Smith. The Rhodesians may indeed be more cooperative now than they see Mr Mugabe and Mr Nkomo being difficult, if only as a matter of tactics. This is foreshadowed by Mr Vorster's comment that if Dr Owen fails it will not be the fault of the white Rhodesians. Under Dr Owen's plans, Mr Smith loses nothing by participating in the preparatory talks, right up to and even into the conference if Dr Owen can stage it, and he may feel he gains quite a lot.

One such gain is a measure of recognition—a British mission of sorts in Salisbury, perhaps a Rhodesian one in London, an excellent venue for promoting the idea that the Rhodesians are being reasonable, and the idea that it is the Patriotic Front—manipulated of course by the communists for their worldwide objectives—who are not. Mr Smith had some success with that line in Geneva. He can do all this and yet, as Dr Owen indicated, remain with a veto until

he sees not only the shape of the independence constitution but also of the caretaker regime. Until he resigns nothing happens.

The other advantage of negotiating is to build up credit with Mr Vorster and more especially, as Mr Smith certainly hopes, with President Carter. If Messrs Nkomo and Mugabe can be shown to wreck a peaceful settlement under the Owen plan for communist reasons, his whole approach to politics suggests that he would hope to pin some moral obligation, as well as diplomatic necessity, on President Carter to support him in the next phase.

Dr Owen made a good case for his plan to abandon the abortive negotiations on the Kissinger plan for the interim stage and move to the creation of an independence constitution for Zimbabwe which would so command itself by its safeguards for the minorities, and freedom for the majority, that the "interim" arrangements would be relatively easy. But it is much easier to draw up such a constitution on paper than to persuade the whites that the blacks would not tear it up immediately after independence, or the blacks that the whites would not tear it up before vesting day. Dr Owen frankly conceded the wall of suspicion which talks and papers will hardly pierce. Yet he was right to say that he had to attempt it. If nothing comes out of the conference, other possibilities may emerge, as his tour and effort to change the atmosphere came out of Geneva.

Far East trade with Britain

From Mr R. S. Milward

Sir, I have not yet seen the full text of what Mr Dell said at the Foreign Correspondents Club in Tokyo yesterday. According to *The Times* he castigated Japan for not importing manufactured products on the same scale as other industrial nations, but made no acknowledgement of the limitations imposed by the cost of fuel and raw materials—some two-thirds of Japan's export earnings.

Mr Dell apparently included Japan's complex distribution system as part of Japan's "discrimination" against imports, while failing to recognize that it must take some decades for the Japanese to streamline a system whose complexities have developed over centuries.

He listed "certain barriers"—tariffs on confectionery and the excise duty on Scotch whisky—but failed to say that Japan now has as few barriers to imports and as low tariffs as this country, and is willing to negotiate in the Gatt on those that remain. He seemed to imply that these barriers are a significant factor in the size of Britain's trade deficit with Japan. They are in fact of minor importance.

More seriously, his reportedly "scaring public attack" fails to relate or build on the wishes of the Japanese Government for co-operation and business world to be as cooperative as they reasonably can towards Britain's need for increased exports, subject only to their unwillingness, in a free and democratic country, to dictate to the consumer what they shall buy.

Many British firms and industries are already working to increase their exports to Japan. The Japanese automobile, electronic and other industries on their side are showing considerable understanding in discussion with their British counterparts and restrain in the tempo of their exports. Healthy trade between the two countries can be developed only by further efforts and good will shown by the industries on both sides. Today's press reports seem to ignore this essential matter and to concentrate on the minor irritants.

The Japanese Chamber in the United Kingdom is cooperating fully with the Exports to Japan unit of the BOTS in the "Japan Task Force", in efforts to promote further exports to Japan. It would be helpful if public speeches and press reports would try to build on the present good will—or at least recognize its existence—rather than destroy it through unbalanced and seemingly ill-informed onslaughts. Such reports as those appearing today are profoundly discouraging to those influential Japanese who have been cooperating generously with Mr Dell's own Department in trying to improve the balance of Anglo-Japanese trade. Yours faithfully,

R. S. MILWARD,
General Manager, Japanese
Chamber of Commerce and
Industry in the
United Kingdom.
c/o Mitsubishi Corporation,
Bow Bells House,
Bread Street, EC4.
April 19.

From Mr Roderick MacFarquhar, MP for Beccles (Labour), and Mr John Roper, MP for Farnborough (Labour and Co-operative)

Sir, Your first leader on April 19 rightly drew attention to the fact that in Britain we study China more than Japan despite having considerably more links with the latter. One reason for this disparity, apart from the political factors indicated in the leader, is that in the 1960s the Americans decided that it would be valuable to themselves if there were a larger "China-watching" community in Europe whose viewpoints would balance those of American Sinologists. Consequently they invested considerable funds in developing European Sinological studies.

If Japanese studies in Europe are also to expand, a similar outside effort will be required, this time from Japan. If Japanese businessmen sincerely wish for better understanding of their country in Europe then they should consider allocating funds for the development of Japanese studies in Britain, France and Germany particularly as they have done in the past 10 years in the United States. The tension over trade between the EEC and Japan, which has recently been dramatic, is demonstrated by our Trade Secretary's speech in Tokyo, underlines the urgency of the task.

Yours sincerely,
RODERICK MACFARQUHAR,
JOHN ROPER,
House of Commons,
April 20.

A disease of money

From Professor Lord Kaldor, FBA
Sir, Your leading article on "A Disease of Money" (April 7) concludes by saying that a reduction in the excess money supply of 9.8 per cent in 1974 was followed in 1976 by a 7.7 per cent reduction in the inflation rate of retail prices and that "this prediction of a major change in trend... [was] available before any agreement on incomes policy".

Are the words italicized by me in the above quotation intended to convey your view that our agreement on incomes policy benefits the Government and the TUC in the summer of 1975 played no role in bringing about the major change in trend in the rate of inflation in 1976, since the latter would have happened in any case on account of the reduction in the rate of growth of M3 (though not in other measures of the "money supply") which occurred in 1974? Or is it intended to convey your view that but for the slow-down in the growth of M3 in 1974 there would have been no agreement on incomes policy in the summer of 1975?

Yours faithfully,

NICHOLAS KALDOR,
rue St Joseph,
La Garde-Freinet,
Var,
France.

April 11.

The former.

From Mrs J. S. L. Gilmour
Sir, In Mr. McSweeney's brilliant article (April 16), there is surely missing an emphasis on perhaps the basic reason for the decline of Christianity, namely, the ever-increasing numbers who find it impossible to believe in the Christian—or indeed any other—God, as revealed by modern science.

This view is commonly based on two fallacies. In the first place, the principle of growth, which Jesus emphasized in metaphors he used about the Kingdom of God, is implicitly denied. The hidden but real continuity between the seed buried

LETTERS TO THE EDITOR

Electors' influence on EEC policy

From Mr David Baggett

The next major phase of the European Economic Community will be concerned with the question of the effective coordination of economic and, specifically, budgetary policy among the member states, which ultimately involves the creation of machinery for supranational budgetary direction. The creation of such machinery is bound to expand the powers of the Council of Ministers and the Commission and, if the basic democratic principle of no taxation without representation is to be effectively preserved within the Community, the new directly elected European Assembly must be an effective counter-weight to these powers.

It is clear, therefore, that if the EEC is to develop and increase its influence on cohesion along democratic lines, the new Assembly must become more representative and acquire more power. For it will be the only forum in which citizens of the Community will be able to exercise a direct influence on the Community's policies in their formation stage.

In recent years the present European Parliament has obtained some increased control over Community expenditure; however, if unity and cohesion are to develop along democratic lines in the very sensitive area of the effective budgetary policy, the new Assembly should seek to obtain for itself at the earliest possible stage the right to review all the proposals of the European Commission, and not only those which have budgetary implications, when they are still in draft form and before they are submitted to the Council of Ministers.

Nobody can forecast the time scale of events in the next phase of EEC development, but the first fixed five-year period of the new Assembly is likely to see some of the important preliminary discussions and moves in the next stage of both the scientific and political evolution of the Community, which could have far-reaching effects on the future economic and political structure of Europe.

The mission on which our representatives at this new Assembly will embark on in May or June 1978 is of too great long-term importance to be left to the chance vagaries and distortions of the "first past the post" electoral system. It seems only common sense that from the very start all our members should be elected by a method of proportional representation, so that there is a rather more true reflection of a true balance of national attitudes than is thrown up by the present system.

More calculated to confuse and distract may one ask than the present arrangements, which require a Labour government with the support of 29 per cent of the electorate to spend its first two years implementing destructive socialist measures that are wanted by only an activist fraction even of that 29 per cent? More calculated to confuse and distract than the existing electoral system, which rules out all continuity and forward planning?

And when it comes to European elections can there be a single serious argument for the first past the post system, when it must ensure that any government party facing the normal mid-term unpopularity will finish up almost unrepresented in Europe?

Yours faithfully,

CHRISTOPHER CHATAWAY,
40 Addison Road, W14,
April 19.

Work, stress, and death

From Dr Elizabeth S. B. Wilson
Sir, Today's edition (April 18) of *The Times* carries a thoughtful and detailed obituary of my husband, Professor Graham Wilson. However, there is one important point with which I must take issue. He died of cancer of the stomach, which had probably been present for a long time before it was discovered nine months ago. There is absolutely no scientific evidence that stress, hard work or travelling have any connexion whatever with this condition and very little that they are a relevant factor in cardiovascular disease.

There has been a great deal of emphasis in the media recently about the hypothetically adverse effects of so-called "over-work". My husband, a medical scientist, felt strongly that this hypothesis had no basis in fact and would have been most indignant if he had known that the possibility had been raised in his own obituary.

Stress is the loosely applied term which is supposed to provide the causal relationship. However, there is far more stress in coming home at five o'clock to a nagging wife and rebellious children than in completing 14 hours of worthwhile and largely enjoyable work even if one's safe arrival home does depend on the vagaries of the Shuttle. People who work hard do so because they want to—some live long like Churchill and some die before their time as did my husband, but to believe that one can be killed by overwork is as unscientific as to associate the common cold with wet feet.

Yours faithfully,

ELIZABETH S. B. WILSON,
11 Westbourne Gardens,
Glasgow.

Local broadcasting

From Mrs Cora A. M. Heptonstall
Sir, Your article on the future of local broadcasting (April 15) makes welcome and helpful comment on what you describe as the "negative argument" for the BBC retention of local radio stations, but one finds that the positive argument could be extended.

In Humberside the relationship between local radio and the BBC is seen as of two-way benefit; the BBC not only using local radio, but local radio deriving advantages from BBC expertise. Furthermore, local radio gives consumers a choice and protects minority interests. The "grass-roots" community interest which local radio is able to foster is invaluable and it is felt that commercial radio could not attend to community needs in the same way. Many sparsely populated areas in this part of the country are served by Radio Humberside and one doubts whether there would be enough advertising material to enable such areas to be served by local radio exclusively commercial.

Lastly, in the light of the minuscule proportion of the licence fee which is spent on local radio—it's a family paying just over a penny a week between them—one might infer that the service gives value for money. For these reasons one would hope to see local radio retained under the BBC and moreover extended so that less use is made of national programmes material.

Like most political systems, the Yugoslav system is open to criticism from a number of points of view. The Russians attack it as Rightly heretical from a Marxist-Leninist point of view. In the West it is normally criticized as a one-party system. In some it might be said to be unduly pragmatic. But in the circumstances prevailing in Eastern Europe and in the world today, I would certainly not have called it unrealistic.

As regards its permanence or impermanence, Mr Levin would presumably like to see it overthrown. In this he will find he has some very enthusiastic allies. Whether they will be to his rather far-fetched taste or not is another matter. For my own part I would sooner see the Yugoslavs left to maintain their independence as best they can and modify, invariably with the object of making it work better. As Tito said to me recently, "We have ceased to be dogmatists: we try to see things as they are".

The result has been a highly decentralized form of federal government (which takes almost excessive account of the very real problem of the nationalities) and an economic system closely approximating to a market economy and designed to encourage enterprise and initiative and make full use of the profit motive (realities all too often ignored by our own rulers). Finally, in a still largely agricultural country the peasants are given every encouragement to make a good living off the land, 80 per cent of which is privately owned. Once again, speaking as farmer, Yugoslav agricultural policy seems to me as realistic as that of most governments.

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NEW BOOKS

A cast in the eye

Patrick Pearse
The Triumph of Failure
By Ruth Dudley Edwards

(Gollancz, £7.95)
This excellent book is the first full account and the only proper biography of Patrick Pearse, all his predecessors having been either attenuated or hagiographical, sometimes both. Desmond Ryan set the tone in his first full memoir of the revalued saint of Irish nationalism: "King and wife plumes may not their hearse but anger meet the soul of Patrick Pearse." Subsequent to this seriously proposed Pearse as a suitable case for canonisation. Until recently printed delineations of the leader of the Easter Rising have resembled the portraits which adorn so many courage walls in Ireland, often beside pictures of the Pope. They are taken in profile and do not show the cast in Pearse's eye. Such idealisation has provoked Pearse as a messiah to endorse his judgment that the Irish nation was degenerate and in need of his redemption.

Now Ruth Dudley Edwards has disposed of the myths and revised the revisionists. It is a pity she has cloathed her elegant Mandarin scholarship in such ill-fitting prose, a kind of broadcaster's demotic. And there are other points at which one might cavil. For example, among the leaders of the IRB it is probable that Sean MacDermott and not Tom Clarke was "the main force for insurrection". However, all told the book succeeds marvellously in its aim—so difficult because every retrospective judgement is a contemporary hoody-trap to produce a balanced assessment of a complex character.

More than most Pearse has been victim of the Whig interpretation of biography. His life has been systematically read backwards and everything has been seen in the light of its inevitable culmination—the married leader of 1916 who regarded hatred for the English as a "holy passion" and believed that, though "we

may make mistakes in the beginning and share the wrong people", a blood sacrifice is a "cleansing and sanctifying thing". Pearse himself contributed to this distortion. He maintained that his cultural nationalism—his endeavours to propagate the Irish language through the Gaelic League, through writing and through his enlightened bilingual school—was a conscious apprenticeship for the armed political struggle.

Ruth Dudley Edwards sets the order straight. She reveals a Pearse who for most of his life was more interested in the integrity of the Gaeltach than the independence of the Irish nation. His youthful imagination was captured by the folk-heroes of a romantic past. He revered, without understanding, the "kindly-faced frieze-coated peasants" of the west. He adored, with all the fervour of an unconscious homosexual, pure and beautiful boys. He was devoted to Mother Church, Mother Ireland and Mother—to whom he wrote a moving poem from the condemned cell.

The man behind the icon was small, proud and shy. He had few original ideas (none, for example, about Ulster) and no social gospel. Yet he established himself as the Savonarola of Irish nationalism, repellent but magnetic. He was a passionate, even a visionary, saint, a grant fanatic. Blood was often on his lips, but he did not like it on his hands. He could not bear the sight of suffering. At the Rising he wore his officer's sword but he was incapable of slicing a loaf of bread. By then, anyway, he aspired not to kill but to be killed, not to exert as Savonarola but to act as saviour. He was so dangerous, as Yeats said, because he was possessed by "the vertige of self-sacrifice". Ruth Dudley Edwards rightly concludes with the age-old paradox. Like the Easter Rising itself, Pearse triumphed through failure. But if he gave his contemporaries the key to a new self-respect, it was also the key to a Pandora's Box of troubles".

Piers Brendon

impressive title poem. Here is an authentic new voice.

It must have been harder to distinguish the authenticity in the first six books by Ezra Pound, published between 1908 and 1912, because they contain so many voices, or shades of other people's voices. Swinburne, Dowson, Browning, Whitman, not to speak of Villon and Pound's beloved Provencal and Italian troubadours, all seem to put in their strophes. When he came to make his own definitive selection for the Personnel volume of 1926, Pound had 99 of these early poems and when his daughter eventually persuaded him to republish some of them in 1965 he introduced that book as "a collection of stale creampuffs". What is the point, then, of *Collected Early Poems of Ezra Pound*? Well, in the first place it is a marvellous job of editing, putting together not just the contents of all those early books but a great number of previously uncollected poems from periodicals, and assembling them beautifully in a volume which is a bibliophile's delight, containing reproductions of all the original editions and copious and careful notes on every textual variation.

In the second place, it is an eloquent testament to Pound's innocence and to his sense of vocation—there is something noble about these verses, even where they are most brash and grating on the nerves with their Wardour Street misconceptions of the English language. But, above all, in the third and most important place, this book sets "Hugh Selwyn Mauberley" and "The Canons" in context, showing what Pound had to overcome, not just in the way of Victorian influences but in his own temperament. Here is a modern poet struggling to be born.

Robert Wells, at 30, and with a single book, *The Winter's Tale*, seems to me to establish himself as one of the best young poets now writing. He writes poems that are plain and unpretentious, poems firmly in the English tradition, poems devoid of ambiguity or dislocation of syntax. Reading him is first of all a pleasure, because you find yourself in a landscape you seem to recognise. Then it is a surprise and an instruction because that landscape is not quite as it was in Hardy, say, or in Edward Thomas. Something is different, the mental weather has changed, some freshness in the seeing has been matched by a newness in the saying, with a result that we seem to be looking at familiar fields grown suddenly foreign and full of mystery. I will not say "magic" since Mr Wells is not at all a sloppy poet. If anything, I should suppose that his critical masters are Tvor Winters, with his insistence that a poem should be a memorable and intelligible statement, and T. E. Hulme, with his wish for "accuracy, precision and definite description", and a poetry that is "dry and sophisticated". Life and poetry have a nice way of being more various than the most reliable theorists allow, however, and so we have Mr Wells writing two stanzas in regular metre on a conventional theme, "After Hay-making", and coming up with the following:

The last bolt placed, he stretched out in the hay,
Its warmth and his were one.
He watched the fields beneath the weaking day
And felt his skin burn with the sun.
When it was dusk, he moved,
Between his skin
And clothes the sweat ran cold.
He trembled as he felt the rain begin
To touch and touch for what it could not hold.

No unexpected happening, no flashy images, not a single departure from the wordy, earthy vernacular speech, yet in the essential senselessness of the whole, embodied in that repeated touch, the poem comes alive and is like no one else's poem. A poet who can use the word *and* to such effect that you can almost feel it (as Mr Wells does here, in his last line) is someone to be reckoned with. The book contains a dozen things as good, including the

FOYLES ART GALLERY
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Robert Nye



The young Dylan, with family

It had to happen

Dylan Thomas
By Paul Ferris
(Hodder & Stoughton, £7.50)

My Friend Dylan Thomas

Daniel Jones
(Dent, £3.95)

On the day of Dylan Thomas's funeral at Laugharne, Daniel Jones and his good friend, the poet John Ormond, were ushered into the front parlour to view the corpse.

What Daniel Jones saw was a grotesque parody of the poet, a simian sprawled with the packadermied pelt of the American marmoset, a mass of flesh with the cold hardness of stone.

Daniel Jones looked at it without feeling. Suddenly he caught a glimpse of a fly crawling on the window-pane. He concentrated on it fiercely.

"Now here was something wonderful, something worthy of inspiring love," he wrote.

It is a disturbing and dazzling start to a sullen, idiosyncratic and immensely illuminating portrait in words of Dylan Thomas.

"Dylan is written with passion, with affection, with sadness and with deep perception."

"Dylan did not like himself very much," he writes. "He would have liked his myth even less."

And what myths surround the man!

His memory has been chipped, cracked and scratched like an old coronation beer mug.

The boozey-bound poet, spraying drunken witcracks, driven to a callous, lonely death by a mountain of debauch, has become the accepted picture of the man.

Both Daniel Jones and Paul Ferris in their different ways show that this was far from the truth.

Mrs Ferris is a scholarly, meticulously-researched and beautifully-written biography that has probed carefully and sympathetically into the background and character of the poet.

Although he uncovered new material, I confess I found his

Peter Timmswood

This is your life

With an Independent Air

Encounters during a lifetime of broadcasting

By Howard Thomas

(Weidenfeld & Nicolson, £5.95)

To start with the BBC in the 1930s must have been like starting with the Vatican as a trainee guard, and even those who subsequently lost the Faith seem to look back on their pre-war BBC time through a haze of reverent nostalgia. So now we have Howard Thomas, presently Chairman of Thames Television, recalling how he created the *Brains Trust* and gave a wartime microphone to Vera Lynn and might have stayed with the BBC for ever had he not grown restless, a sin which the Corporation punished (after he'd given in his notice) by removing his name from all the programmes he was still producing for them. Even so, Mr Thomas is at this distance unable to summon up much indignation: the first half of his book reads like a gossip-column anthology from back numbers of the *Radio Times*, full of joky little anecdotes about stars like Tessie O'Shea who is described as "an all-round entertainer" with an exclamation mark inserted in brackets after the "all-round" just in case we'd missed the point. Mr Thomas does not leave much to chance.

This half of the book is oddly disappointing, partly because it consists of irrelevant information from Mr Thomas's old radio scripts stitched together with lengthy descriptions of minor internecine BBC warfare and bureaucratic squabbles but mainly because Mr Thomas is so very brisk in dealing with the really interesting (and unexpected

elsewhere) aspects of his work in the pioneering of commercial radio shows for Luxembourg, which company in five pre-war years managed to steal a third of the BBC audience without any British press publicity, when it took over ITV two years to capture less than a quarter of it.

Still, the book does improve drastically when Mr Thomas leaves the BBC and we escape the constant nudge-nudge of a local schoolmaster compiled a popular aircraft recognition quiz—from there Frank Gillard went on to become managing director of BBC radio". Not for nothing does Thames still transmit *This Is Your Life*.

Mr Thomas (the knighthood can surely only be a matter of time now) joined ABC, the original partners of Thames in 1954 to take over *its Gazette* from *its Punch* and, after a year, became *its* managing director. *Its Punch* needed, though tirelessly, to shape its verse and prose, a courageous disciplinarian.

I am reminded of William Watson who (like the Nature he applauded) visibly ached

When doomed to bring

Some inchoate, amorphous thing
into a world his curious wit
Would fain have shaped all-exquisite.

In his way, Seaman could be a

Watson (though he parodied him closely) with a sense of humour added.

His parades and Mr Adlard quotes some of them, including an uncanny Kipling echo in the rhythm of "The Last Chancey"—were the best since Calverley's thought J. C. Squire could approach them. His ceremonial verse (as in the Coronation

Power feeding on memory

The Autumn of the Patriarch

Translated by Gregory Rabassa
(Cape, £4.50)

For more than a hundred years the general has ruled the King of Cariboo country where reform is defined as the abolition of quartering by horses and its replacement by an electric charge so great that it blacks out the capital city and still leaves the victims sizzling but alive.

The general acquires a devoted double to appear for him in public—he is too shy—and when the double is present the general is able to watch for a few hours the joys of his people and the plans of his successors in council:

so absorbed in the depths of greed that no one notices the appearance of the chamberlain who gave a single blow with the palm of his hand on the table, and shouted *shut! that was all he had to do, for when he lifted his hand from the table the smoke from the pipe he had just lit went out*. There were the overflowing ashtrays, the coffee mugs, the chairs flung on the floor, and my comrade of a lifetime, General Rodrigo de Aguirre, in some dress ministering to the smoking man, waving away the smoke with his hand and indicating him to drop to the floor general sir because now the fun is going to begin . . .

And the bullets stream in. But even the comrade of a lifetime is not trusted for ever and

the fate of General Rodrigo de Aguirre—done to a turn on a gown of camellia and laurel leaf with a sprig of parley stuck in his hair—is soft-headed and has lovely hands. A dedicated rutter, he performs his *droit de seigneur* with precision and brutality, yet longs only for love, not honour, in bed. Of the two women who promise him this, the second persuades him to secret marriage and the acknowledgement of an official heir. (I won't tell you who happens to them.) More than all this, of course, the general loves his old mother, and when the Vatican declines to recommend her for canonization, he does the only thing possible for a man in his position: he makes her a saint himself and chuck's the Church

rotting city and, beyond, where the harbour was, a waste of lunar ash.

Of course the general is soft-headed and has lovely hands.

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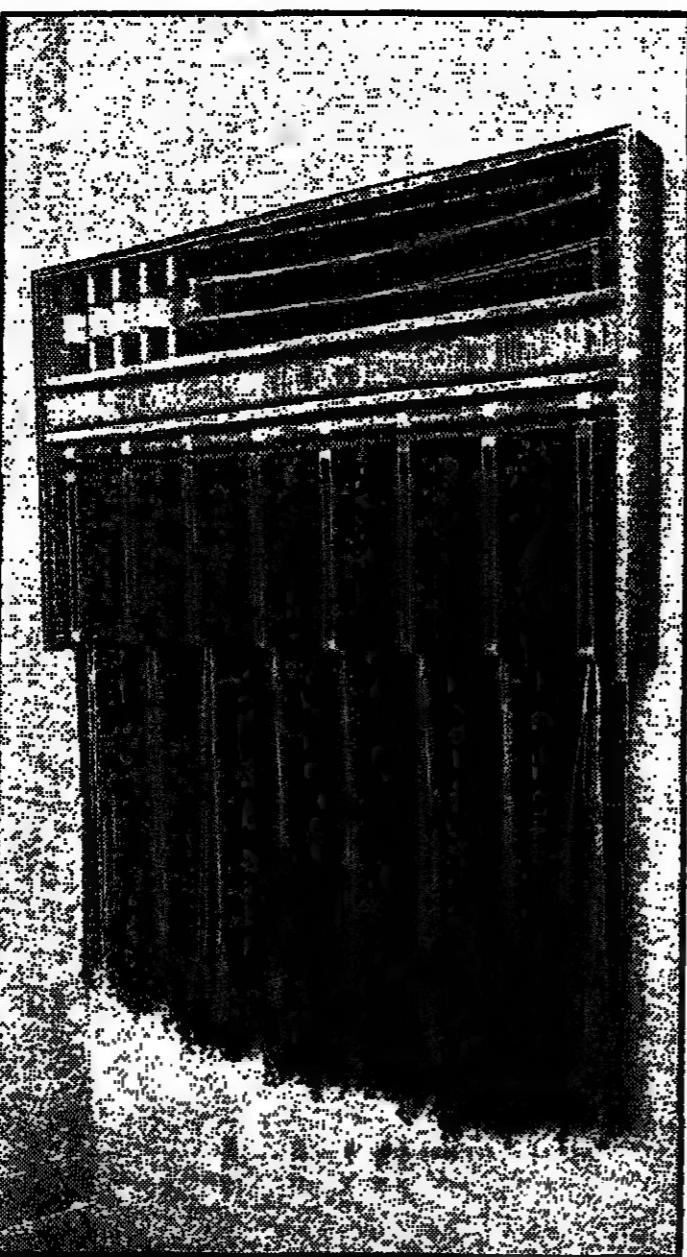
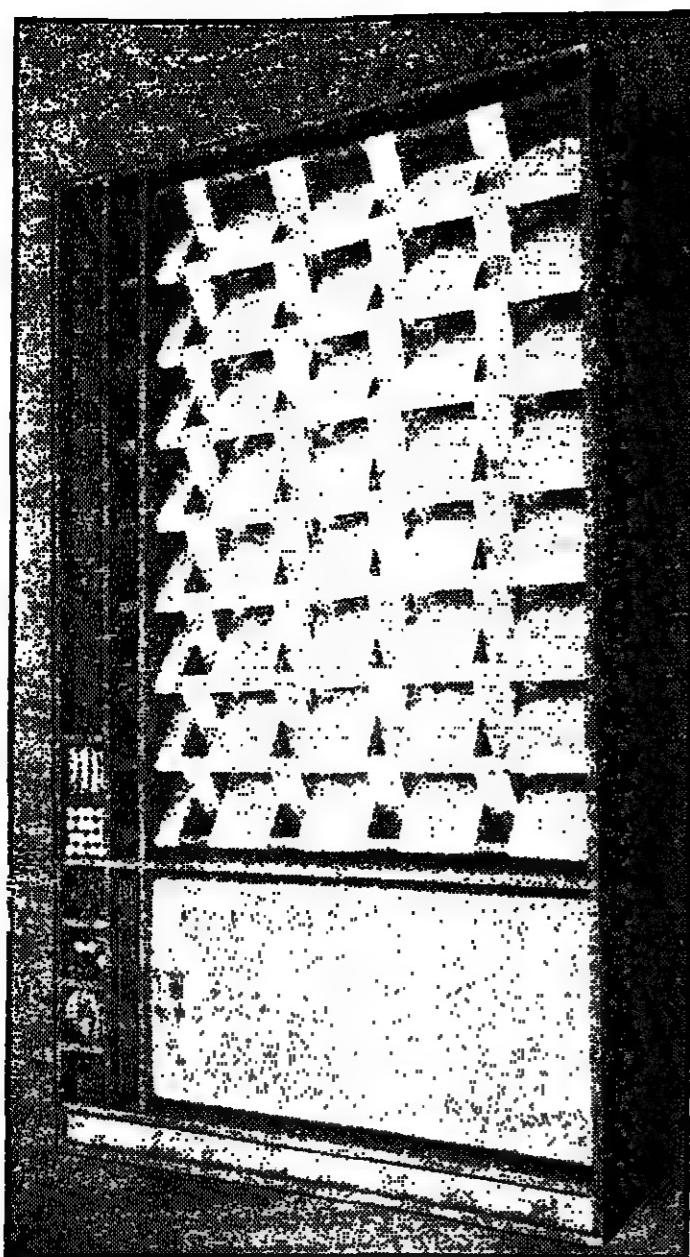
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More than all this, of course,

the general loves his old

Fashion

by Prudence Glynn



One of the greatest charms of life is coincidence. When I returned to London from the west country and reporting on

John Makepeace's new venture at lovely Parnham House it was to find a note from Paul Nicholls on my desk. Paul Nicholls I wrote about a year ago when I described a visit to Brympton d'Evercy at Yeovil, Somerset. Mr Nicholls is now exhibiting his original wood and string wall-hangings at the Bampton Arts Centre near Witney in Oxfordshire.

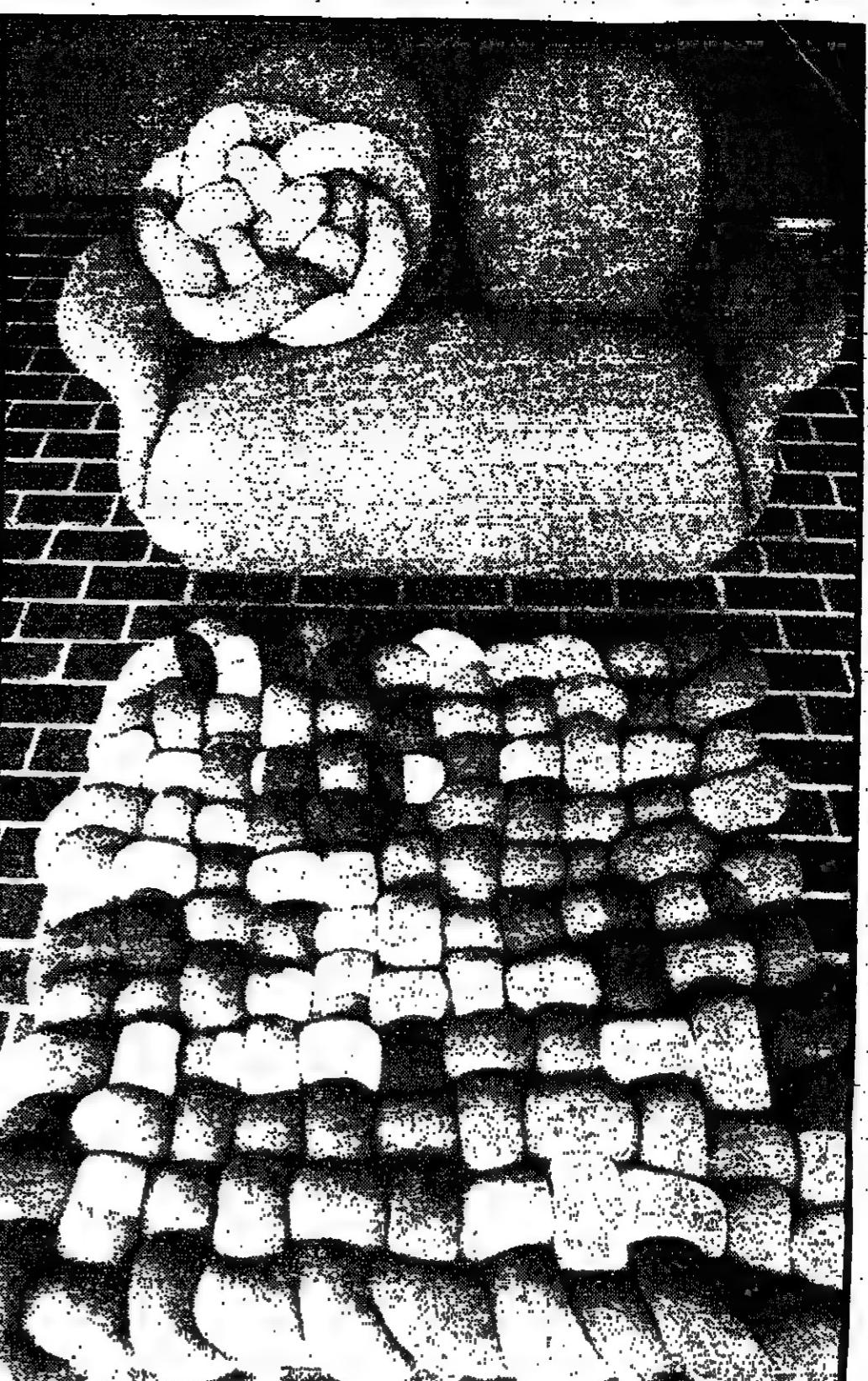
The examples illustrated here are among his most attractive. If you miss the exhibitions, his address is The Cottage, Broadwell, Lechlade, Glos. Also exhibiting at this time is

Ann Sutton, Mrs John Makepeace, at the elegant galleries of Dodson Bull

Interiors Ltd, in the Barbican Trade Centre. Paul Nicholls was once a student of Ann Sutton, so the coincidence comes a full circle.

Right: Ann Sutton's snakey rug, and knot cushion, in many coloured wool knit. The sofa is by Pierre Paulin.

Left: Paul Nicholls's string and wool sculptures for the wall.



Photographs by Brian Harris

Before...and after.

Martini mixed with gin or vodka. One of the world's classical aperitifs.

And after dinner, you can stay with it all night. Served on the rocks, or with ice and soda.

Some people have even been known to have it before and after lunch. Before and after sailing, golf, riding.

Before and after...just about anything.

**The right one.
Any way. MARTINI**

EXTRA DRY

Only carefully selected wines and herbs are good enough for the world's most beautiful drink.

If the shoe fits,

wear it

The other day I went to buy a pair of shoes from a smaller chain retailer which I have always liked for high style, reasonable price and comfortable fit. I selected their 4½-inch heeled peep-toe shape of black patent-leather appearance, got my right size, large, for I had at that stage not realized that the dimensions of my feet might reflect adversely on the proportions of other of my physical charms, and within 10 minutes of wearing said shoes down Oxford Street I had three bloody lacerations and a flying start to a luteal right foot.

The luteal foot, in case you did not know, involved among other deformations the turning under of the four lesser toes. Snatching off my new purchase in the haven of a taxi, I read inside their gleaming and seductive exterior the words which I have come to dread on behalf of my feet: "Made in England". Luckily, the same man who has inculcated, or more accurately proposed, my potential shame about the size of my feet is now on hand, or rather on paper, to explain why British shoes are so crippling. To William A. Rossi, author of *The Six Lives of the Foot and Shoe*, published recently by Routledge, price £4.75, I am indebted for the observation that "shoes reflect the psychosexual characteristics of the wearer; for example the slues that sell best in England, Scotland, Ireland, Scandinavia and Russia he regards as cold styles—footwear for people who are reserved both in personality and psycho-sexual make-up. A Spaniard, Mr Rossi suggests, or an Italian, wants warmer styles, more colourful or flamboyant shoes.

What Mr Rossi is really saying is that no one but the sadomasochistic northern race—so much for the sexy Scandinavian image—would settle for a moment for shoes which were not both overtly seductive but at the same time comfortable. Why is it that I can buy cheap Italian shoes with 4½ inch heels and walk around all day in them? But the buck, or maybe the bunion, has to stop somewhere, and so far as I am concerned it stops right here under my desk. Yes, I like high heels, often, occasionally, just depending how I feel, for one of the rewards of current fashion is that you can really dress to please whoever you wish, self or other. But surely I cannot be the only woman in England who wants to have her chic cake and eat it? Who wants to be able to shorten her stride and tiptoe vulnerably into certain situations and an hour later be free to stride off about other business?

Mr Rossi, in a book of incalculable repetitiveness and grinding sexual analogy, fights shy of the fashion implications of the shoe. I have recorded, and been silent for my pains by one brogue reader, my view that the high platform sole, now relegated to the lower social and age brackets indicates a most interesting split in female hopes: On the one

hand you see that built-up height gives authority (Greek drama heroes wore buskins, Emperor Hirohito wore getas nearly twelve inches high when he was enthroned in 1926, but the rigid bulk makes quick movement, ie, flight from a predator, impossible).

Ten years after the liberated female adopted the Courreges shift and the Gucci boot or brogue, symbolizing her interest in red-hot technology and above all her control, her manifesto destiny via the Pill, fashion has come right back to the high slender heel—symbol according to Mr Rossi of all sorts of things you might or might not have suspected and utilitarian object for more things you might have suspected even less.

Let us, of course, leave the pedestal from aggressive feminist independence which now seems threatening in a period of high male unemployment and is thus discarded by the practical woman, to the realization that many women have a fortunate lot in life anyway. And the ideal is almost here: the rare complete female wears high, slim sexy heels when she wants to and platform ones in keen her toes out of the way of the mud or the Flymo as she goes about her self-sufficient daily life.

The dreadfulness of British shoes is more important than a fashion item, however. Ten years ago 109,000 persons were employed in the industry; now the number is 75,000, of which 6,000 are government supported. Two out of five pairs of shoes bought in this country are imported. Why? There are three reasons. The first is, of course, styling. The British industry is reactionary to the extreme to design, students eschew a career of inflexible mediocrity. The few good designers we do produce have to have their designs made abroad.

Point two is the pricing of shoes. In an excellent and perceptive piece in *The Observer* last weekend Brian Bell traced the screwing down process which coupled to the unambitious management of too many of our footwear firms, has got everyone owing for the easy life and the mass-market order in place of new design or adventurous investment. One of the most vivid and successful men in the retail business today, John Turner, who owns the Midas chain, says: "We would love to buy from English manufacturers, but their attitude is pathetic. Their ranges are so dull and unexciting. Often we say, won't you make something specially for us—they are firms in Norwich, for example, who really can make beautiful shoes—but mostly they don't want to know, so we buy abroad."

Point three is fit. I am beholden to Mr Rossi for introducing me to a new fashion word, *ol-olagnia*. Originated by the German psychiatrist Schrenck-Notzing, a name I confess I would refer immediately to my colleague P. H. Simplicissimus, the word is compounded from *alcos* (puin) and

olagnia (voluptuousness). It is the ideal word to describe most British-made shoes, though the alcos is in my experience usually superior to the legolas.

Should we be making shoes at all? The Germans have given it up, reckoning that such a labour-intensive industry would always be a cripple in a high-wage economy. The Americans too have given it up for the same reason, though President Carter's restrictions on imports of fashion and shoes have the EEC worried. Shoe manufacturers are stubbing their toes on a rock which this page has rehearsed before: the ambivalent attitude of the government towards industries which can be promoted in less developed countries to buy our more sophisticated hardware.

Eventually it must all come back to better design. We have that talent schooled through our own art colleges but as yet unmarried specially to the shoe trade. We have to make up our state mind. Either we have a fashion industry and we support not just expedient areas of employment but losses in the future territories. Or we decide that we would rather sell plant than product and we stop training quite so many students for quite so tentative a future.

ALLISON

Enter
the £10,000
Bread-Making
Competition!

What gas-mark is recommended for baking bread?
4, 5 or 6? Think you know?
Then you may be in line for a prize in the new £10,000 Allison Bread Making Competition. Answer that and five other questions correctly, adding why you wish to enter, and you could well qualify for the regional trials. Here your skill in baking comes under expert scrutiny...

There's a lot of cash to be won plus 24 Parkinson-Cowan Auto De Luxe Gas Cookers. So now's the time to buy a bag of Allison Stone-ground 100% Wholewheat Flour - with full details of the competition and the recipe for Allison 100% Wholewheat Bread. And remember, however you get on, you're sure to bake a better loaf with Allison.

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Slower earnings growth points to overall rise of 8 to 9pc under phase two

By Melvyn Westlake

A marked slowdown is becoming evident in the rate at which earnings complement are rising under phase two of the Government's pay policy, which began last August.

Although the increase in earnings during 1976-77 is certain to be a little higher than the Chancellor's 7 per cent target, there is confidence in Whitehall that the rise can be contained within a range of 8 per cent to 9 per cent.

According to figures published yesterday, the Government's official index of earnings, which covers about seven million manual and non-manual workers in industry, agriculture and services, rose only 0.1 per cent in January. This brings the rise during the first seven months of phase two to 5.9 per cent.

At the end of January, 70 per cent of all workers expected to be covered by national wage settlements during the current phase have now settled under the terms of the policy which limits wage increases to a maximum of 4 per cent.

Heavy bunching of settlements in the early part of the 1976-77 pay round is expected to lead to a rather smaller rise in the earnings index during the final months of phase two.

If this proves the case, the outcome will be considerably below the 12 to 15 per cent predictions made by some commentators. The uncertainty has centred on the extent of "wage drift" that is occurring. This results from things like overtime, piece work, job upgrading and promotions. Essentially, it was these influences on earnings that account for the difference between the 44 per cent limit on wage increases and the Government's

WAGES

The following are the Index numbers for basic rates of wages for all manual workers in all industries and services and for average earnings of all employees in all industries and services covered by the monthly earnings inquiry released by the Department of Employment:

	(1) Monthly rate July 31 1976	(2) Annualised earnings Jan 1970 = £100	% Change in (2) over 3 months at annual rate
1976			
Jan	202.1	248.3	15.8
Feb	206.4	250.0	15.6
March	207.9	254.4	10.8
April	210.1	255.0	11.2
May	211.7	259.5	16.3
June	216.5	261.2	11.1
July	219.0	263.1	13.3
Aug	219.1	267.2	12.2
Sept	219.2	268.1	12.0
Oct	219.5	269.0	8.0
Nov	220.7	272.2	7.7
Decr	221.5	277.1	17.6
1977			
Jan r	223.8	278.1	14.2
Fab p	224.8	278.5	9.5
Mar p	225.1	n/a	n/a

r/revised
p/provisional

Initial expectation of an overall 7 per cent rise in gross earnings.

The sharp rise in overtime working in the later months of 1976 is estimated to account for 1 percentage point of the 5.9 per cent rise so far in the current pay policy.

The increase in the earnings index during January and February of 0.4 and 0.1 per cent respectively, compare with monthly increases in excess of 1 per cent towards the end of last year. Moreover, with in-

dustrial output now likely to be depressed for some time, there would seem to be little scope for any further marked rise in the level of the wage rate.

However, the very success of phase two could lead to difficulties in securing agreement with the trade unions for a further year of pay restraint starting this summer.

Earnings since last August have risen by only just over half as fast as prices, and living standards have as a consequence shown a perceptible fall. The 5.9 per cent rise in pay compares with an 11.3 per cent increase in prices.

Living standards now seem set to decline again, the largest fall for 20 years. This is because inflation has come down much more slowly than was expected when the Chancellor and trades union leaders agreed the 4% per cent pay deal a year ago.

But Mr Healey argued in his recent Budget that if a further year of pay restraint was accepted, living standards would stabilize over coming months. However, many trades union leaders have already publicly announced their intention to try to recover the ground lost by their members in recent months.

On the other hand, the Treasury's economic forecasts assume that earnings under any stage three will be similar to the level now expected under the current round.

Even if earnings increases in 1977-78 were held down to below 10 per cent, the level of pay awards for many workers would be very much lower than under phase two because of the need to provide some groups with larger sums to meet demands for a restoration of differentials and the correction of anomalies.

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Japanese ideas on trade disappoint Mr Dell

From Peter Hazlehurst

Tokyo, April 20

After attacking Japan's restrictive trade barriers during a series of meetings with Japanese leaders in Tokyo this week, Mr Dell, Secretary of State for Trade, indicated tonight that he had been disappointed by the vague response to his plea for a more equitable pattern of trade.

Mr Dell, who departs for Seoul tomorrow, summed up a round of protracted talks between Mr Takeo Fukuda, the Japanese Prime Minister, and other leading politicians and businessmen, with the claim that Japan had a "curious" concept of the principles of free trade.

He also told British jour-

nalists tonight that he had insisted that the trade imbalance between the two countries could only be rectified if British exports of manufactured goods to Japan doubled within two years.

He had not threatened direct reprisals, but warned the Japanese that an alternative course would "involve increasing difficulties in our relationships because of the levels of unemployment in the United Kingdom and because of the deficits that many European nations suffer".

Outlining the details of his talks with Mr Fukuda, Mr Tatsuo Tsujiwa, Minister for International Trade and Industry and leaders of industry, Mr Dell told the journalists that he had attempted to persuade Japan to increase its imports of manu-

factured goods to an acceptable level.

"I came here to make one point. I made it to the Prime Minister, the foreign minister and Mr Doko (president of Keidanren, the Japanese CBI). My point is that we must make it clear that British exports must increase."

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Mr Dell, who has demanded that Japan should lift trade restrictions and increase the level of its imports of manufactured goods (now 20 per cent) to the average scale of 50 per cent of other industrialized countries, was clearly disappointed by the response.

Mr Dell declared that he had

continually emphasized the point that Britain's complaints did not centre around Japan's imports to the United Kingdom. "The important point is that we must be given the opportunity to increase our exports of manufactured goods to Japan."

A senior spokesman for the Japanese Ministry of International Trade and Industry claimed that the trade gap between the two countries had developed because Japan, unlike the United Kingdom, had injected capital investments into projects to increase export productivity.

In answer, he described as a "curious" approach towards the principles of free trade, Japan's attitude was that if you decide to invest in an area you do not import.

British Gas said it did not

dispute that prices for people being transferred on to the general credit tariff might be between 18 and 25 per cent, but added that very few people

would be affected.

Sir Arthur Hawkins angry over Benn refusal of compensation for Drax order

Continued from page 1
the Government wants to accelerate station orders which cannot be justified on present estimates of electricity demand and supply capacity. It must offer compensation for the extra costs involved.

They claim there is a precedent when, under a Conservative government, the Incinerator B power station in Cheshire was prematurely ordered in 1971 to protect employment at Drax and boiler-making factories in the North East. Then Whitehall granted relief on interest charges.

In the present situation, the CEBG says it has enough capacity either in operation or under commission to meet foreseeable demands without ordering any new station before 1979.

To order the second Drax station to help both the coal mining industry as well as certain power station equipment firms will involve the generating board in between £140m and £180m of extra interest charges for 1977-78.

What is apparently strong Sir Arthur, who resigns on May 8 to make war for Mr Glyn, England, the new chairman, is Mr Benn's rejection of compensation.

The board has always been ready to build Drax B after 1979 if justified on commercial grounds, and it has expected rationalization among generator and boilermaking suppliers to take place to deal with the supply industry's difficulties.

A new ordering programme, to start from 1979, has been offered, but this is conditional

The Times index: 169.17 +1.70
The FT index: 412.5 +4.4

How the markets moved

Rises

Allen, H. & Ross 10p to 400p.

Bibby, J. 9p to 119p.

Burman Oil 7p to 83p.

Carron 7p to 119p.

Cossor 10p to 120p.

De Vere Hotels 10p to 149p.

Eng & Caldron 10p to 80p.

Gallenkamp 25p to 28p.

Hawker Sidde 10p to 540p.

Imp Chem Ind 4p to 350p.

Jardine Matheson 9p to 315p.

Inchcape 10p to 36p.

Ladbrokes Geo 9p to 110p.

Rowton Hotels 9p to 110p.

Runciman, W. 6p to 130p.

Steel Bros 8p to 280p.

Tecalemit 6p to 101p.

Unilever 8p to 197p.

Umt Scientific 8p to 197p.

Watkin 12p to 97p.

THE POUND

Bank rate

Bank rate

Australia 5 1.68

Austria Sch 30.25

Belgium Fr 64.75

Canada 5 1.84

Denmark Kr 16.50

Finland Nkr 7.20

France Fr 6.77

Germany Dm 4.22

Greece Dr 64.75

Hongkong \$ 8.25

Italy L 1550.00

Japan Yen 500.00

Netherlands Gld 4.11

Norway Kr 1.34

Portugal Esc 67.75

S Africa Rd 1.05

Spain Pes 121.50

Sweden Kr 7.75

Switzerland Fr 4.79

U.S. \$ 1.76

Yugoslavia Dinar 34.00

31.75

Equities rose on interest rate hopes.

Gilt-edged securities were in demand.

Gold rose 137.25 per cent (effective rate 42.83 per cent).

Sterling gained 6 pds to \$1.7196.

The effective rate was 61.8 per cent.

Gold lost \$1.75 an ounce to \$149.125.

SDR's was 1.16055 on Wednesday while SDR-E was 0.674935.

Commodities: The metals' last ground. Reuter's index was at 1737.7 (previous 1740.5).

Reports, pages 27, 28 and 29.

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Preliminary Announcements 21

Easy Star Insurance 29

Pearson Longman 22

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Institutions claimed to be against Sir Eric

By John Brennan

Institutional shareholders in Peachey Property Corporation are lining up against the re-election of Sir Eric Miller as a director.

Lord Mais, Peachey's chairman, and Barclays Merchant Bank, the group's financial advisers, are claiming the support of institutional shareholders canvassed since the trade unions for a further year of pay restraint starting this summer.

Earnings since last August have risen by only just over half as fast as prices, and living standards have as a consequence shown a perceptible fall. The 5.9 per cent rise in pay compares with an 11.3 per cent increase in prices.

Living standards now seem set to decline again, the largest fall for 20 years. This is because inflation has come down much more slowly than was expected when the Chancellor and trades union leaders agreed the 4% per cent pay deal a year ago.

Yesterday Lord Mais said: "I never lose sight of the fact that there are many small shareholders and I am not one to count on a battle until it is won, but the people who matter have indicated that they support our stand."

Booking for Lord Mais's view came yesterday from Sun Alliance and London Insurance. Declining long held share stakes in Peachey totalling 5.7 per cent, which make Sun Alliance one of the largest holders of Peachey's shares, Mr Geoffrey Brown, the insurance group's investment manager, said: "It is our clear intention to support Lord Mais and the board against the reelection of Sir Eric Miller."

ICI's Pension Fund, which holds just

Pearson Longman Limited

Preliminary Results for the year to 31st December 1976

	1976 £'000	1975 £'000
Turnover		
The Financial Times Limited	23,235	19,294
Westminster Press Limited	53,155	46,113
Longman Holdings Limited	32,466	23,103
The Penguin Publishing Company Limited	18,688	17,248
Ladybird Books Limited	3,536	3,551
Inter-company turnover eliminated	(862)	(769)
Profit before interest	130,198	108,650
Profit before interest	2,453	1,084
The Financial Times Limited	4,490	1,738
Westminster Press Limited	8,136	4,912
Longman Holdings Limited	3,213	2,317
The Penguin Publishing Company Limited	798	875
Ladybird Books Limited	(42)	(69)
Pearson Longman Limited	27	4
Sundry adjustments	19,075	10,871
Deduct:		
Interest payable less interest receivable	(931)	(1,614)
Profit before taxation	18,144	9,257
The company and its subsidiaries	1,730	632
Associated companies	19,874	9,889
Taxation thereon		
The company and its subsidiaries	7,827	3,669
United Kingdom	1,814	1,074
Overseas	9,441	4,743
Associated companies	336	333
Profit of the group after taxation	10,377	5,076
Profit attributable to minority interests	9,497	4,813
Profit of the year before extraordinary items	(484)	(195)
Extraordinary items profit/(loss)	9,013	4,618
Net profit attributable to Pearson Longman Limited	152	(650)
Dividends	5,165	3,968
Preference shares	(22)	(22)
Ordinary shares	1976 1975	Pence per share
First Interim	3,760	3,400
Second Interim	3,610	3,473 (final)
	(721)	(1,468)
tax credit to shareholders	6,360	4,873
	(2,231)	(2,031)
Profit retained and added to reserves	—	—
Capital reserves	160	234
Revenue reserves	6,774	1,703
	6,934	1,937
Earnings per ordinary share (based on profit before extraordinary items but after deducting preference dividends)	21.810p	11.148p

The exchange surplus arising on the annual reversion of net assets overseas amounting to £82,776 (1975 £43,983) has been transferred direct to reserves. The figure shown above for extraordinary items in 1975 has been restated to reflect this change in practice.

The directors have declared a second interim dividend on the ordinary shares of 3.610p per share for the year to 31st December 1976 (1975 final 3.473p). This dividend will be payable on 3rd June 1977 to ordinary shareholders on the register at the close of business on 6th May 1977 and will entitle United Kingdom shareholders to a tax credit of thirty-five sixty-fifths of the actual amount received. It will therefore be equivalent to a gross dividend of 5.554p per share, making with the first interim dividend already paid a total of 8.246p per share (1975 7.497p). This is the maximum permitted under existing legislation.

The directors intend to recommend to shareholders that if the rate of advance corporation tax for 1977/78 is reduced, a final ordinary dividend in respect of 1976 be paid later in the year of such amount as will ensure that total gross ordinary dividends for the year are maintained at the maximum permitted under current legislation.



The East Asiatic Company Limited, Copenhagen



Annual Report

1976

The moderate economic recovery, which was evident in a few major industrial countries, slackened again in the second half of the year, and world trade to-day presents a rather diverse picture in which, for instance, the very important shipping sector has shown no perceptible progress.

In the absence of signs of a general recovery, fluctuations in world economic conditions are to be expected in 1977, and in Denmark the economic development still depends on whether the rise in costs can be stabilized and competitiveness strengthened.

Thanks to the diversity and global activities of our Company, the Group accounts show an improvement in net profit from kr 153.1 million in 1975 to kr 289.4 million in 1976, and a rise in turnover from kr 16,100 million to kr 20,000 million in the same period.

The Parent Company's results for 1976 was a net profit of kr 109.8 million, against kr 91.1 million in 1975, after allocation of kr 75 million to the Special Contingency Fund, which now stands at kr 250 million, and after provision of kr 78.8 million for depreciation on ships, buildings, etc, and kr 47.3 million for corporation taxes.

With the addition of kr 23.6 million brought forward from last year, the amount at disposal totals kr 133.4 million which it is proposed to appropriate in accordance with the profit and loss statement, including distribution to shareholders of a dividend of 12 per cent of the share capital of kr 500 million, equal to a total amount of kr 60 million.

The legislation on dividend ceilings still prevents payment of the amount of kr 10 million, representing additional 2 per cent dividend provided for in 1975.

It is pertinent to mention already in the Introduction that in accordance with the Company's general policy and in keeping with the times, the process of transforming the remaining overseas branches into independent joint-stock companies is being pursued, having regard to the ultimate aim of gradually attracting local capital into these companies and, wherever possible, to include local staff as shareholders.

This process, incidentally, will gradually include these subsidiary companies in the Group accounts which, in turn, will become of increasing importance as the Company's primary accounts.

Copies of the full Report are available on request.

Companies receiving Queen's Awards for achievement in export and technology

Here is a complete list of the Queen's Awards for export and technology:

FOR EXPORT

Aero Caravan; The Angus irrigation unit of the Angus Fire Armour division of George George; The construction products division of Armaco; Laura Ashley; Austin & Pickersgill; BICC Telecommunication Cables; The biscuit division of Baker Perkins; Banyard Metalheat; T. T. Boughman & Sons.

Bowling Reproductions; C. T. Bowring (Insurance) Holdings; The military aircraft division of British Aircraft Corporation; British Airways Board; British Films; British Steel Corporation (Overseas Services); John Brown Engineering (Clydebank); Brush Switchgear; C-Power (Marine); Carreras Rothmans.

Cohen Bros (Electrical); Coles Cranes; Condor Buildings Overseas; Coronet EM; Croxol; Darlington & Simpson Rolling Mills; Davy-Locwy; Thomas De La Rue; Derwent Publications; Dino International.

EMI Medical; Escal Products; Ethicon; Exploration Services (North Sea); The military products division of Fairey Engineering; Fletcher and Stewart; Foster Wheeler; GEC Turbine Generators; Galenkamp; Goodeough Pump.

Graff Diamonds; Sir William Haig & Partners; John Harvey & Sons; Jolley Newman Hender; Hawker Siddeley Power Engineering; Hunting Surveys and Consultants; IHSI Medical Equipment & Supplies; Inchcape; International; International Marine Coatings division of International Paint; Dick James Music.

Kandy Mereid; Kennedy & Donkin; Lesney Products; London American Finance Corporation; Kenneth Mackenzie Holdings; L. H. Mackenzie; Marconi Instruments; Marconi International Marine; Marks and Spencer; Martin Black.

Albert Martin Knitwear; May & Baker; Thomas Meadows; Michelin Tyre; The semiconductor products division of Motorola; Geo. Moulton Successors; North Devon Meat; Arthur F. Organ (Packaging Machinery); Pandrol; Josiah Parkes & Sons.

The management consultancy firm of Peat Marwick Mitchell; Petrowit; Petrocarbo Developments; Phoenix Engineering; Plast; Saco Lowell; The Plessey Electronic Systems; Polaroid (UK); Portals Holdings; Quest Automation; Racal-Tacticon; Record Ridgeway.

EMI-MEC, East Grinstead—development of a fully



White heat: Mr Harry Banyard (right), chairman and managing director of Banyard Metalheat, his wife Jocelyn and fellow director Mr Don Martin—who formed the staff to be the largest furnace of its kind ever built in Europe.

heating electric induction furnace being assembled at Poole for export to France. It is part of a total induction heating installation for heating steel billets and ingots and is believed to be the largest furnace of its kind ever built in Europe.

Systems, Stanmore—technological achievement was "Blindfire" radar system for use with the British Aircraft Corporation's "Rapier" low-level defence missile system; Marley Cutting Tools, Rotherhithe, development of a process for the production of helical tungsten carbide tips.

The mining research and development establishment of Imperial Chemical Industries, Haslemere—development of Pirimicarb, a new specific aphicide which is claimed to have high toxicity to all aphids; Johnson Matthey Research Centre, Reading—development of platinum alloy catalysts for pollution control in vehicle exhaust systems.

Land and Marine Engineering, Broughborough—development of techniques for the burial of sub-sea pipelines; The electrical division of Lucas Aerospace, Hemel Hempstead—development of a toroidal constant speed drive for aircraft generators.

Malvern Instruments, Malvern, Hereford and Worcester—for the Malvern Correlator, an instrument developed to study the fundamental fluctuations of light signals; usually laser light; Marconi Instruments, St Albans—development of a digital storage VHF spectrum analyser.

Marconi Space and Defence

GROUP PROFIT AND LOSS ACCOUNT FOR 1976

(rate of exchange per 31st December 1976: US \$ 100 = D.kr 578.55)

	1976 (£,000 rd)	1975 (£,000 rd)
Turnover	20,049,628	16,101,280
External turnover	15,198,210	12,546,006
Internal turnover	4,851,419	3,553,274
	20,049,628	16,101,280
Result of Activities		
Turnover and result of activities derive from:		
Shipping	1,457,080	213,816
Trade	7,608,100	427,795
Industry	5,315,267	471,420
Forest and plantation Industry	769,207	132,752
Miscellaneous income	48,556	24,822
	15,198,210	1,320,605
Dividend on investments outside the Group	17,467	16,048
Administration expenses	1,338,072	1,045,273
Profit before Depreciation	358,968	326,193
Depreciation on fixed assets	879,104	714,140
Profit before Financing Expenses	268,025	223,941
Financing expenses	711,079	490,499
Extraordinary income and expenses	260,579	205,530
Profit before Taxation	450,500	384,579
Corporation tax	33,827	29,449
Group Result for the Year	484,127	314,414
Minority shareholders' share in the results of subsidiary companies	214,761	161,356
The East Asiatic Company, Limited's share in the Group Result	268,366	153,056
	109,118	46,657
	160,248	106,401

(before allocation to the Parent Company's special contingency fund: 1976: kr 75 million; 1975: kr 76 million)



Head office: 2, Holbergsgade, DK-1099 Copenhagen K, Denmark

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Unilever in 1976

The year in brief

Sales for 1976 rose from £6,760 million to £8,731 million. Volume accounted for 8 per cent of this increase. Profits showed a good recovery as compared with the disappointing results in 1975. Restocking in the first half-year, particularly in Europe, contributed to these improved figures.

In Europe there was a major improvement in most product groups as compared with 1975. However, margins in general are still too low. Results in edible fats and other foods, chemicals, paper, plastics and packaging and animal feeds showed a marked recovery. Frozen foods and ice cream again did well. Our toilet preparations businesses showed further growth. Our two major meat companies continued to make operating losses. These were increased by heavy costs of restructuring in the United Kingdom.

In North America results were generally satisfactory. In most other countries outside Europe there was further sales and profit growth. UAC International contributed substantially to the higher 1976 results.

Exchange rates and their effect on reported figures

Almost all currencies were affected by the substantial variations in the floating rates of exchange. Sterling, the French franc and the Italian lira, all fell substantially against the guilder and deutschmark particularly. The dollar depreciated against the linked European currencies but appreciated against sterling, the franc and the lira. Our Accounts for 1976 have been prepared using the 1976 closing exchange rate of £1 = \$1.418. The 1975 accounts were prepared using the 1975 closing exchange rate of £1 = \$1.543. This 23 per cent depreciation of sterling against the guilder has a major effect on all our figures, as expressed respectively in each of our reporting currencies. In particular, increases in sales, profits, capital expenditure and net liquid funds, are all much greater when stated in depreciated sterling than when stated in appreciated guilders.

If rates remained at end 1975 levels the increase in both sterling and guilders would have been 52 per cent in group operating profit. The difference between this and the actual sterling increase is almost entirely the result of the depreciation of sterling.

Finance

Dominant influences were the recovery of profits and increase in working capital, caused by higher raw material prices as well as by higher sales volume. Capital expenditure remained well above depreciation.

Our net liquid funds rose by £64 million of which £50 million was additional loan capital. Net liquid funds at the year-end represented a little under 5 per cent of the year's sales to third parties: the corresponding percentage both in 1975 and on average over the past 10 years was 4 per cent. The strength of our balance sheet gives us confidence that we can meet our heavy capital expenditure programme and any sudden increases in working capital arising from world inflation and raw material price fluctuations.

During 1976 we spent a total of £14 million on acquisitions.

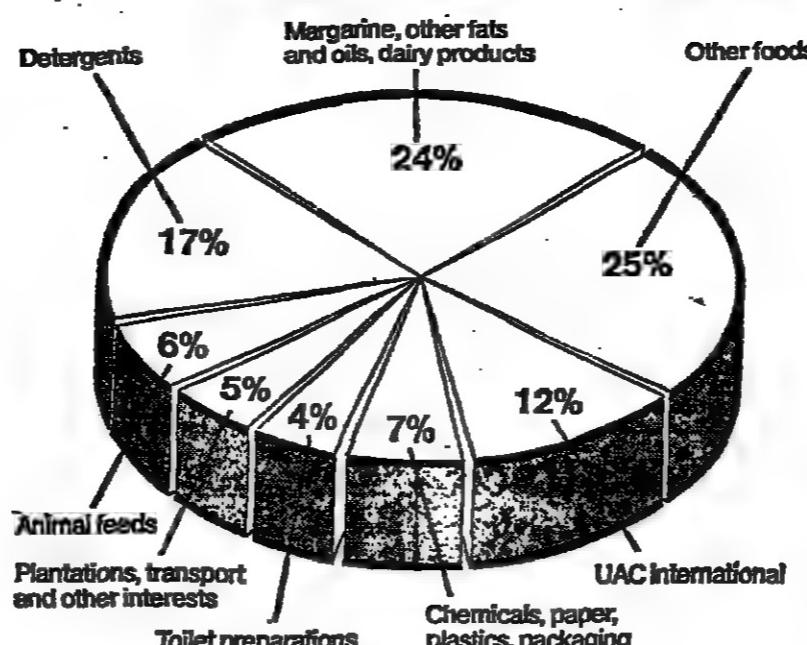
The economic background

Economic conditions in 1976 were more favourable than in 1975. There was a quite pronounced recovery from economic recession in the industrialised world in the first half of the year. Many mineral oil-exporting countries continued to boom. Some developing countries recorded another year of growth, all mineral oil-importing countries suffered from increased oil prices. The growing burden of external debt of some developing countries is a worrying feature of the world economic scene.

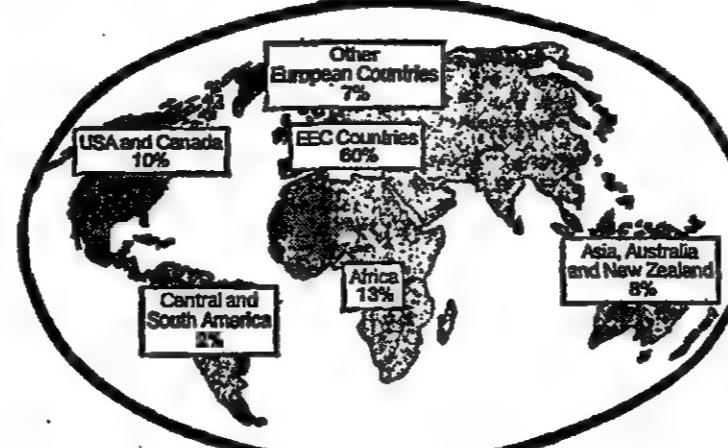
Inflation was not as severe in 1976 as it had been in 1974 and 1975 but it was still high. It averaged 11 per cent for the world in which Unilever operates.

However, levels of unemployment did not respond to the limited economic recovery and even rose in a number of countries.

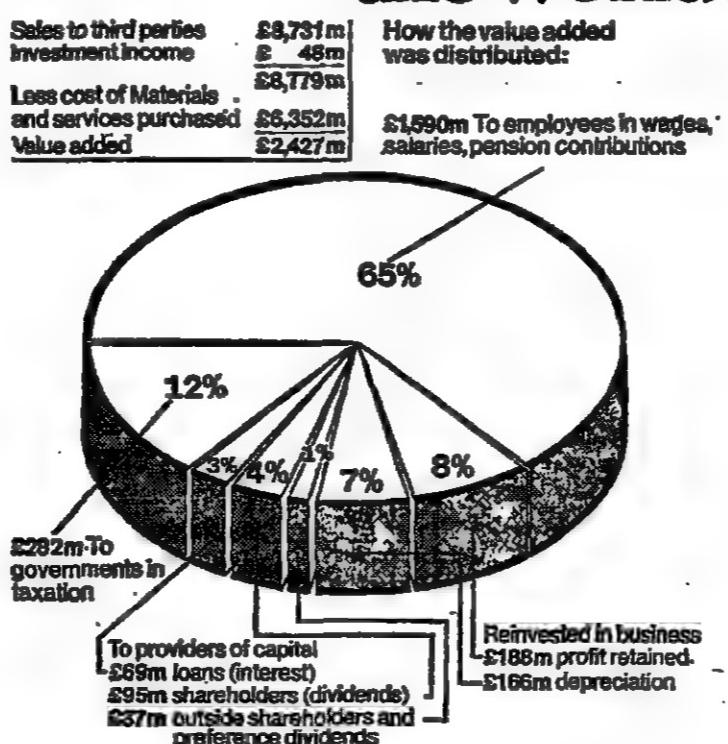
The more favourable economic conditions have led to an increase in published profits in many countries, but the trend is to a decline in real profitability to levels which are too low—not least in our two home countries the United Kingdom and the Netherlands. There are signs that governments are becoming aware of the need to reverse this trend if new investment is to be made on the scale required for the healthy expansion of the world economy.



Selling a wide variety of products...



...in markets across the world...



International developments

Three developments in the past year internationally have been of special interest to us.

First, the promulgation by the Organisation for Economic Co-operation and Development (OECD) of guidelines for multinational enterprises. We have publicly expressed our support for and our determination to comply with, these guidelines which are very similar to the standards it has been our long-standing practice to observe. Our Report and Accounts meets the guidelines on disclosure of information. We attach great significance to the recognition by the governments of the OECD countries that they also have to respect certain rules, in particular that there should be no discrimination between nationally-owned and foreign-owned companies.

The second was the European Commission's totally unjustifiable proposal for a tax on edible oils and fats which attempted to deal with the structural surplus of milk in the Community, but only at the expense of another industry and its consumers. The proposal—without solving the dairy problem—would, moreover, increase the cost of living, and hamper exports from the developing countries.

The third development was the adoption by the United Nations Conference on Trade and Development (UNCTAD) of a resolution to convene further meetings on an integrated programme for some 20 commodities. This seeks to protect the economies of developing countries by universal buffer stock schemes linked to the indexation of raw material prices. For edible oils and fats the practical difficulties of such an approach would be immense and in our view would be likely to disrupt the world market. We believe that the export income of developing countries would be better safeguarded by compensatory finance schemes, like those under the Lomé Agreement, rather than by interfering with the long-term balance of supply and demand.

Prospects

Inflation will remain high in most countries, with raw material costs expected to rise more rapidly than general inflation.

Unemployment is not likely to fall in the current year.

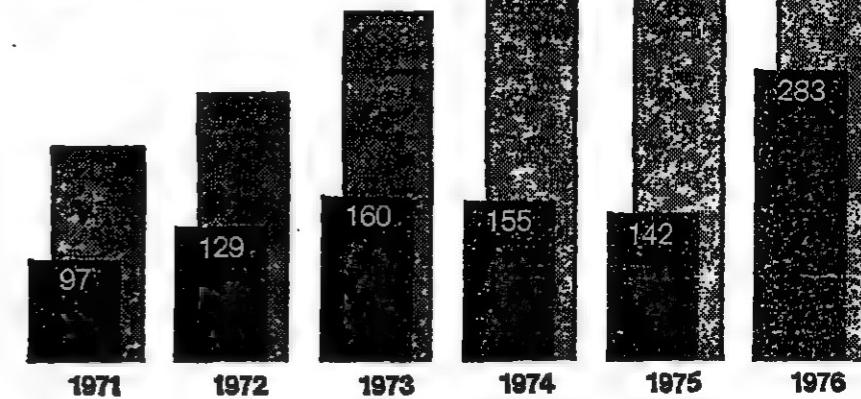
Industrial activity in the first few months of 1977 will not have the benefit of the considerable restocking that took place in the corresponding months of the previous year. While growth of the economies in which we operate is expected to be a little slower than last year, there should be reasonable growth in the particular market areas with which we are concerned. In general, our business is expected to make progress.

Employees

The progress that was achieved during the year was made possible only by the efforts of our employees throughout the business. We wish to record our warm thanks to them.

Operating profit and Profit attributable £ million

■ Operating profit
■ Profit attributable



...to contribute to standards of living everywhere.



U

Unilever

Unilever comprises Unilever Limited, Unilever N.V. and their respective subsidiaries which operate in more than seventy countries. The Report and Accounts of Limited as usual combine the results and operations of Limited and N.V. with figures expressed in Sterling. Copies of the 1976 Report and Accounts have been posted to shareholders and holders of debentures and unsecured loan stock of Unilever Limited. If you would like to receive a copy please fill in the coupon. The Annual General Meeting of the Members of Unilever Limited will be held in The Queen's Room, The Baltic Exchange, 14-20 St. Mary Axe, London EC3, on Wednesday 11th May, 1977 at 11 a.m.



To: The Company Secretary, Unilever Limited,
Unilever House, London EC4P 4BQ.

Please send me a copy of your 1976 Report and Accounts.

Name _____

Address _____

BSC faces a squeeze on investment

By Peter Hill
Industrial Correspondent

Worsening market conditions and little prospect of any significant improvement in demand before the end of this year have created problems for the British Steel Corporation in financing its investment programme.

Instead of making a considerable contribution towards capital and working capital requirements from internally generated funds in the current financial year, the BSC will be unable to provide any funds from its own sources. After tough negotiations with the Treasury and Department of Industry the BSC contribution of £204m.

BSC is being limited to a £950m ceiling on external financing under the cash limits system.

This was revealed to an all-party committee of MPs, who are investigating the affairs of the BSC, by civil servants from the two departments.

MPs said that last October there were suggestions that the BSC would be able to fund about half of the total capital requirements of more than £900m for the current year. This was subsequently revised downwards in the Public Expenditure White Paper to a BSC contribution of £204m.

This was later amended in the Budget statement to show that the BSC would, in fact, be unable to make any contribution to the programme from its own internally generated funds.

Mr Solomon Gross, Under-Secretary in charge of the Department of Industry's iron and steel division, told the subcommittee of the Nationalized Industries Committee that the steel industry had been in the grip of a serious recession and the upturn which was expected last autumn had not materialized. Consequently, trading prospects had changed drastically since the original forecasts.

"We feel that although trading prospects are bad we should encourage the BSC to invest", Mr Gross said.

Advertisement criticizes strikers: Management of the Port Talbot steelworks, which has been closed by an unofficial strike by 520 electricians, yesterday put an advertisement in Welsh newspapers criticizing the men's action. It said the strikers' claim was unrealistic, against the pay code, and exploitation of the introduction of new plant.

EEC fears over future of steel exports to America

From David Cross

Brussels, April 20
Growing concern in the EEC about future access of its steel products to the United States is figuring prominently in two days of talks between senior American and European Commission officials which opened here today.

The Community is trying to

persuade the American Administration to be more helpful on imports of EEC special steels now restricted by tight quotas. It is also worried that a recent American court decision to levy duties on imports of Japanese electronic goods could spread to EEC steel generally.

The countervailing duties were imposed to offset Japanese

export tax rebates similar to those refunded by the Community on steel exports, which has irked American steel producers in the past.

Peter Hill writes: Calls for the British clothing industry to play a strong and active role in the European arena, particularly in discussions with the EEC Commission, were made yesterday.

Unit trusts total worst in six years

Unit trusts suffered their worst setback for six years last month, when net new investment dropped to £1.78m, according to March figures from the Unit Trust Association yesterday. Although sales of units were £3.8m higher than in February, at £26.9m, repurchases amounted to £25.2m, as against £20.2m for the previous month.

The latest figures confirm widespread reports over the past few weeks that the industry was experiencing a particularly high level of redemptions. In the event, the level of net sales in March was the lowest since August 1971, when they dropped to £23.0m.

Mr Edgar Palamountain, newly appointed chairman of the Unit Trust Association, said yesterday: "These figures reflect the squeezing of the clientele by inflation and tax." He said he was not discouraged by the figures for March and claimed they did not show that investors were disillusioned.

A number of factors appear to have affected the level of redemptions. Investors have been attracted by the particularly attractive 16th issue of National Savings Certificates, which closed at the end of March and provided some strong competition for smaller savers.

The recent rise in the stock market has also given investors who are suffering a squeeze on their incomes an opportunity to sell units.

CBI sticks to 6 pc pay rises for phase three

The Grand Council of the Confederation of British Industry yesterday instructed its leadership to stick to the policy that industry would allow no more than a 6 per cent increase in the national pay bill in the next phase of the pay policy.

Taking account of wage drift, the 6 per cent would mean a norm of around 3 per cent.

The confederation, Lord Watkinson said, was determined that any pay deal should be one which meant British industry could pull back inflation to a rate comparable with its main competitors. This means a rate of inflation of no more than 5 per cent by mid-1978.

The confederation is clearly not too keen on the idea of kitty bargaining. It is felt that this might provide the same sort of escape hatch as productivity bargains did in Mr Heath's phase two. Lord Watkinson said: "He hoped that by the time the pay deal was agreed, the CBI would have prepared its major discussion document on pay determination, which looks beyond phase three.

BP in rock fibre venture

British Petroleum and Rockwool, a private Danish company, are to set up a £10m plant in Britain to spin fibres out of molten rocks.

The fibres can then be turned into mats and moulded into a wide range of insulation products. BP said yesterday it was holding discussions with Rockwool about a site for a 14,000-tonnes-a-year plant, at first employing 100 people.

It hopes to have the plant operational in 1979. The Rockwool process, which is already used in Scandinavia, Germany, Holland and Switzerland, involves spinning fibres from molten rock heated to 1,500 deg C. They are then resin bonded and cured.

Prior attack on Bullock implications

By Malcolm Brown

Mr James Prior, the Opposition spokesman on employment, said yesterday that those behind the majority Bullock Report on industrial democracy were much more interested in undermining shareholders' rights and in extending union privileges, than they were in giving employees a say over the matters that affected them and in improving economic performance.

Speaking in London at a Financial Times conference on industrial relations, Mr Prior said that because the Government had stated its intention to press ahead with legislation based on majority Bullock, positive developments towards greater employee involvement were being set back. This was a tragedy.

"I do not believe that they will be able to impose such disruptive legislation in the face of the implacable hostility of those who are going to have to make it work. But as long as the threat is there, employers and unions are less willing to go ahead in devising and implementing schemes suited to their own circumstances."

Mr Pat Lowry, director of personnel, British Leyland, said: "The move from a system which is conflict based to something more constructive must commence at the place where the conflict has been bred. It is at that level that mutual trust must start to replace deep-seated suspicions."

More laid off in Jaguar dispute

By R. W. Shakespeare

More workers at Leyland's Jaguar car plant at Coventry have been laid off.

The Jaguar standstill, affecting both the assembly plant at Brown's Lane, Coventry, and the nearby Radford components factory results from a strike by 300 internal truck drivers demanding reclassification into a higher pay grade.

Some 3,000 workers at the assembly plant are laid off. Yesterday 4,500 men who had been on strike from the Radford factory since the previous day, reported for work but were immediately sent home because there was no work for them. All Jaguar car production is halted.

At Halewood on Merseyside, 8,000 Ford car workers are laid off.

Leyland may

urge early government decision

By Edward Townsend

Pressure from British Leyland for an early government decision on the car company's future may increase next week after Ministers have received copies of the Leyland board's wide-ranging review of its operations and investment strategy.

Although the company's car division has imposed a three-month ban on capital spending, directors are likely to stress that the lack of a speedy conclusion on the review will be a further blow to morale.

With the company's domestic market share falling to about 22 per cent, it will be argued that uncertainty about the future model programme, particularly among dealers, must be dispelled quickly.

The review, although not yet written, is expected to receive final approval from the Leyland board on Friday and be sent to the National Enterprise Board and the Department of Industry next week.

Mr Varley, Secretary of State for Industry, has already made clear that a decision may not be made until the summer. This would allow Whitchurch to monitor the company's progress in achieving a more stable industrial relations climate.

He has stressed that approval for the next tranche of state funds, for which Leyland is due to apply in midsummer, is dependent on achieving and maintaining consistently high levels of car output.

It seems certain that the Leyland board's review will list the various options it considers and recommend measures that will involve considerable scaling down of the 10-year Ryder plan.

Leyland management is in favour of retaining the £250m plan to build a replacement for the Mini, although the Government considers this to be one of the most vulnerable of Leyland Cars' projects.

There has also been pressure for priority to be switched from the Mini successor to a new range to replace the Marina and Allegro models.

LETTERS TO THE EDITOR

Obsolete plant and productivity in the British Steel Corporation

From Mr. Jonathan Aylen

Sir, Your correspondent, Mr Renton ("A warning against wasting money to try to save a sick steel industry", April 15), is right to argue that money should not be wasted in trying to maintain obsolete open hearth steelmaking within the British Steel Corporation. The newer, larger, up-to-date show productivity levels, substantially and systematically higher than their older, smaller counterparts,

must in his belief that the British Steel Corporation will be unable to reduce its manning levels to international standards. We are also able to show that manning levels for production labour engaged in iron and steelmaking are closely related to the age and size of furnace and type of technology used. The newer, larger, up-to-date show productivity levels, substantially and systematically higher than their older, smaller counterparts,

Delays in sanctioning the new Redcar blast furnace, and more recently, the Redcar plate mill, and delays in permitting the closure of obsolete, high cost works might also be cited. A "sick" government machine is itself wasting money by imposing avoidable delays on the British Steel Corporation and preventing the necessary introduction of new lower-cost plant.

Yours sincerely,
JONATHAN AYLEN,
Department of Economics and
Geography,
University of Salford,
Salford, M5 4WT.
April 14.

The 30-day tax return deadline

From Mr J. R. Ridges

Sir, Presumably all other taxpayers, besides myself, have received a request to fill up their income tax returns "within 30 days".

The form I received on April 5 was dated April 15. Can a word in your column persuade the authorities to give the taxpayer more time to fill up the form correctly before being liable to a prosecution or fine?

Between now and May 6 some taxpayers are likely to be on holiday abroad, or ill. Most receivers will have yet received their dividend vouchers on bank statements from the bank for March and up to April 5. Most firms cannot be expected to wait thousands of employed and pensioners where tax credit has been made and the gross income of each one within a few days of the financial year end.

Similarly, tax accountants are unlikely to be able to complete the checks on all their clients' accounts within the necessary interviews within the 30 days.

Accuracy in this matter is more important than speed, especially if the request for the return of the form within this short period is adhered to, will the authorities please be good enough to state what the request has "no binding force" which they modestly claim does not apply to the nine page notes which accompany the document?

Yours faithfully,
J. R. RIDGES,
16 Weston Terrace,
Terrace,
New Earswick,
York YO3 8BW.
April 14.

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SUMMARY OF RESULTS

	1976	1975
	£	£
Sales - External	427,530,000	339,430,000
Profit before tax	24,610,000	11,630,000
Attributable profit	11,780,000	3,640,000
For each 25p Ordinary Share		
Earnings	8.8p	2.9p
Dividends	4.493p	4.085p
Net assets	87p	68p

DISTRIBUTION OF ADDED VALUE

To Employees	71%	To Lenders	7%
To Shareholders	7%	To Governments	5%
For Maintenance and expansion of assets	10%		

Copies of the full report and accounts available from the Secretary, The Delta Metal Company Limited, 1 Kingsway, London, WC2B 6XF.

DELTA

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BY THE FINANCIAL EDITOR

Burmah restores its balance sheet



Mr Alastair Dorn, chairman of Burmah Oil: at last seeing benefits from asset disposals.

After two years of unremittingly bad news, Burmah's future no longer hangs by a gossamer thread although anything resembling a decent outlook will have to wait until the early 1980s when the Thistle stake starts to come through and the LNG carriers on the Indonesia-Japan run begin to pay their way.

The group's last major drain on financing commitments on the Pertamina LNG carriers was resolved earlier this year and the market took a sufficiently sanguine view of the full year figures yesterday to mark the shares 7p higher at 65p.

Certainly, the £7m pre-tax profit in the second half to cut the full year loss to £7.95m against 1975's £13.6m was far better than outsiders were fearing. And even if the scale of the recovery is in part illusory, it stems largely from the absence of tanker provisions in the Pertamina deal that dragged down the first half, the message is still that last year's enforced programme of asset disposals have at least saved the group's bacon.

The shape of the group has altered radically over the past year and sale of the United States operations accounts for the near halving of its trading profits excluding tankers of £45.7m with the rump of its business some 26m ahead.

Yet the compensation for this loss in earning assets comes with the sharp fall in interest rates from £33.2m to £9.3m. Meanwhile, almost all the £6m rise in tankers losses to £37m stems from sterling's weakness and the hope is now that with the fleet virtually halving in the current year and tanker rates off their bottom the worst is now over.

For the rest, asset disposals has given the balance sheet a less suicidal look with the sale of much of its North Sea interests, Woodside-Burmah and Burmah Oil & Gas cutting borrowings from £607m to £250m and cutting the debt to equity ratio from 65:35 to a more manageable 40:60. That has improved still further since the year end with the General Dynamics deal.

However, there is little chance of a dividend for the next year at least and that may dampen enthusiasm for the shares. But there is still likely to be speculative froth from time to time on chances that Burmah may settle its BP claim against the Bank of England out of court—an ex-gratia payment of £100m would be the same as the current market capitalisation.

Final: 1976 (1975)
Capitalization £89.4m
Sales £84.6m (£91.5m)
Pre-tax losses £7.95m (£13.6m)
Dividend gross nil (nil)

Delta Metal Overseas growth

Delta's 1976 accounts go a long way to allay the balance sheet fears that have served to depress its share price. The 21p rise to 65p yesterday probably had more to do with the better than forecast profits than the niceies of five years of current cost accounting figures, value added statement or gearing ratios, but more detailed study should be favourable to the market.

Overseas companies made the running last year increasing the contribution from 45 per cent to 57 per cent of trading profits, despite difficulties in South Africa and little growth in the Australian economy, while an improvement from better capacity working on semi-manufactured products in the United Kingdom was partially offset by a drop in profits from finished products.

Continued growth overseas seems assured, but to give the big leap in profits this year to £35m or so, which would justify a re-rating of the shares, the United Kingdom must come through quite strongly.

Meanwhile, even without a property revaluation surplus gearing remains roughly constant at around 70 per cent of shareholders' funds falling to 50 per cent under CCA and providing the copper price remains within £250 or so of last year's average level, which seems likely, the cash outflow should be less than last year's £16m.

The trend of CCA profits showing that the 1976 figure of £9.76m is less than half the 1973 £20.5m peak is more important than the earnings of a measly 1p. The 6.9p dividend is easily covered out of a reasonable interpretation of "distributable earnings" and the prospective yield of 11.7 per cent remains attractive.

Accounts: 1976 (1975)

Capitalization £86.8m
Net assets £119.28m (£93.4m)
Borrowings £79.83m (£62.6m)
Pre-tax profit £24.6m (£21.63m)
Earnings per share 8.8p (2.9p)

Unilever

More liquid than ever

Unilever is looking forward to further volume growth in the current year though no faster than the 3½ per cent growth rate of the main economies it operates in against a real increase of more than double that last year.

But the key to any marked increase in profitability lies in improving European margins with this area still accounting for 72 per cent of capital employed. Last year the pre-tax return on capital employed rose from 10 to 16 per cent but that is a long way short of some of the other areas it operates in, noticeably Africa and the 21 per cent achieved across the business as a whole.

The balance sheet is as strong as ever with net liquid funds up from £269m to £406m last year.

Certainly if last year's rise in net working capital of £273m is any guide that sort of muscle will be needed to cover capital spending half as much again at £348m and already booming soybean prices. Meanwhile, the CCA arithmetic has thrown up a £113m cost of sales adjustment against almost nothing last year indicating that the group made something from stock profits last year and if raw material prices go on rising there will be another element of stock profits in the current year.

Accounts: 1976 (1975)

Capitalization £1.816m

Net assets £1.786m (£1.384m)

Borrowings £245m (£188m)

Pre-tax profit £60.2m (£32.6m)

Earnings per share 76.17p (38.23p)

Carrington Vyella Cutting the gearing

Carrington Vyella's shares dropped by a penny to 28p yesterday, which seems a somewhat curtailed reaction to the long-awaited move to sort out the group's high gearing and its dependence on short and medium term loans. But then this first move, as it emerges, is a case of *fatue de mieux*. True, the dividend for the year is forecast to rise by a minimum of 10 per cent, but apart there is nothing to excite shareholders.

The prospective dividend may well be comfortably covered, but Carrington Vyella operates in an industry where volatility is too much the rule for the directors to have been tempted into profligacy. And any issue by way of rights would have had to be made at a much bigger discount and, by implication, with much more dilution built in.

As it is, a right issue was out of the question and the placing has been made with an ease which, with the "encouraging" pointers on profits for the year, says something for the prospects of the company. With Carrington Vyella's balance sheet ahead of the issue more or less unchanged from the December year-end, the placing will bring net borrowings down from almost 85 per cent to under 84 per cent of shareholders' funds, and that and increasing cash flow should leave the group comfortably placed.

However, in an attempt to put the whole industry into context, the latest progress report from the working party stresses that Britain is among the world's leading producers of diesels, with an estimated 16 per cent volume share of world production. In the period 1972-

75, United Kingdom diesel engine exports rose from 35 per cent to 40 per cent of total production, excluding parts and marine diesels over 2,500 bhp.

It adds a note of warning, however, that, although inadequate, there are some official statistical indications of a slower rate of growth in exports in world trade as a whole. Import penetration of the home market in the period 1972-75 has risen rapidly from 6.2 per cent to 12.4 per cent.

The Government's target growth rate for the diesel industry of 8 per cent per year has clearly come under fire within the working group and the reason for not setting any growth target at present is given as "several important information gaps".

The report identified other difficulties, such as uncertainty in world markets, the closing of individual markets by national policies and the sector's dependence on end-users.

As a result, a NEDO study, guided by the British Internal Combustion Engine Manufacturers' Association and working party member companies, has been put in hand in the hope of getting a better view of world markets.

The rate of expansion in diesel production in Europe is not known and it is therefore difficult to establish whether the United Kingdom companies are winning or losing market share. Certainly, large investments are being made, particularly in engines for light commercial vehicles, while fierce Japanese efforts to win a major share of similar markets in

Business Diary: Jesse Boot boys rule, OK?



If the chairman says it's a centenary, then it's a centenary: Left to right, Boots' Douglas Appleby, Gordon Hobday and Alan Spencer in London yesterday. Pictures by David Jones.

When Jesse Boot, the founder of Boots the Chemists, wanted to advertise he used to hire a brass band to parade the streets.

Today, however, it's all much more subdued for the present chairman and chief executive, Dr Gordon Hobday, who has never relished publicity and has grown to like it even less.

Twice in recent years he has led his team into the spotlight, once to bid for drug manufacturers Glaxo, and once for the House of Fraser stores group—both times to be told by the Monopolies Commission that the deals were not in the public interest.

Yesterday, however, Hobday and members of his team stealed themselves like little lads screwing up the courage to swallow Boots' castor oil to leave Nottingham for a rare public meeting in London to discuss management changes in the firm's centenary year.

Hobday, a lifelong Bootsman, whose chemist is to remain as chairman but is to retire as chief executive on May 1, handing over his duties to no fewer than three others.

Primus inter pares, to slip into prescription latin, is to be Douglas Appleby who will move over from being finance director to managing director of the group, The Boots Company.

Alan Spencer, the operations director, will become managing director of Boots the Chemists, the retailer subsidiary which provides two-thirds of the profits.

Lastly, Dr Peter Main, an R & D man (absent yesterday), will become chief executive of the industrial division which provides the other third and is still gaining on Spencer's patch.

Yesterday has, however, preserved one tradition. He has concentrated Boots R & D on anti-rheumatism drugs and will develop Brufen for use against rheumatoid arthritis—the disease that crippled Jesse Boot.

That, however, was the anniversary of the legal foundation of the company. This being royal Jubilee Year and the year of Hobday's retirement, 1988 has been discarded in favour of 1977, the centenary of Jesse Boot's taking control of the business started by his son.

Talking of mums, Jesse, who died as Lord Trentham in 1931, after operated Boots with his wife Florence as personnel manager and buyer.

Although Hobday now reckons that one in three of the country's women visits a Boots shop every week, there is now not a woman to be seen on either the group board or on any of the five management committees.

With manpower of nearly

400,000 and a £2,500m deficit on turnover of £5,400m, German railways have problems similar to those of British railways but on a much bigger scale.

Wegenstein, Swiss-born head of management consultants Knight, Wegenstein, was called in during 1974 by a transport ministry no longer prepared to go on foot the bill without radical change. After an 18-month study into just half the business, he recommended rail fares yielding a 20 per cent cut in both deficit and manpower over five years, during which to sweeten the unions, there would be no compulsory redundancy and little new recruitment.

Although formally appointed to the railway management, Wegenstein took care to work closely throughout with the men, not through the union direct but through the works councils elected by workers and paid by management to represent manpower interests.

There's an amusing Freudian slip in Leslie Harris' new book *Shareholders' Rights* (W. H. Allen, £3.75) in which he advises anybody plotting to take over a public company to build up their information with the help of "microfiche" techniques.

Phase three: how to relax without losing control

The Scottish TUC has rejected a mineworkers' call for a resumption of free collective bargaining. But the debate on what exactly is to follow the present stage of wage control goes on. Caroline Atkinson examines some of the difficulties involved.

who won them, but they would lead ultimately to fewer jobs.

The psychological effect on union bargainers of the present controls on money may be more important than their economic effect, especially in the short term when changes in the velocity of circulation can accommodate larger changes in nominal gross domestic product than in the money supply.

Another factor is the high level of unemployment and the slow depressed state of the labour market. The power workers' union has called for wage rises of 11 to 14 per cent, which must be in part a reflection of their present weak demand position.

The recent education of union leaders, and their members in the connexion between high money wage increases, faster inflation, a depreciating pound and the erosion of the increases won would be bound to moderate their demands.

Finally, the tax cuts announced in the Budget, and the probable easing of the rate of inflation after the summer, will boost real incomes and thus could lead to more moderate wage demands than seem likely.

The biggest danger of a free argument in favour of some kind of nationally agreed pay policy, is that, while widely publicized deals won by strong unions early in the pay year would lead to an attempt by all unions to catch up. An agreement of some kind will probably come by the end of June in time to allow the amendments to the Finance Bill to be passed.

For a large part of the difficulty in reaching agreement on the third round of pay control comes simply from the fact that a policy must aim to keep wage increases below those which would result from free collective bargaining and below the present 16.7 per cent inflation rate, while resistance to a policy comes from a natural desire to boost incomes badly hit by a combination of inflation and wage controls.

The Chancellor has been careful to avoid mention of any figure for an acceptable level of wage increases in the next pay round. The assumption in the budget statement of an average earnings increase in 1977-78, of the same magnitude as occurred under the present round, gives a good clue, however. That increase will probably be less than 10 per cent.

An end result of 10 per cent for the coming year would require a much lower "norm" if there are to be higher awards for some workers discriminated against under the earlier policies.

There are several factors which would limit the tendency of money wages to follow past price increases in the coming year. The first is the existence of strict controls of the money supply. Large wage settlements would still be possible, and would benefit those

groups which would probably be compensated for inflation even in the year of the policy.

The other issue which would have to be settled nationally if kitty bargaining is to function as part of an incomes policy is the coverage of the kitty. If it is to include allowances for the restoration of differentials, the ironing out of anomalies and special awards for productivity, it will probably come by the end of June in time to allow the amendments to the Finance Bill to be passed.

It is clear, therefore, that an agreement which would truly satisfy the Chancellor's budget requirements for a phase three would lead to lower settlements than those which union leaders are now saying they will accept.

An agreement of some kind will probably come by the end of June in time to allow the amendments to the Finance Bill to be passed.

It is unlikely that a kitty of the size which would be acceptable to Mr Healey would seem adequate to union negotiators.

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The union opposition to the idea gives a hint of the problems left hidden by the catch phrase "Who will determine the size of the kitty? If it is laid down in a national agreement the scope for local bargaining to improve the lot of the kitty group, which will be severely limited and will depend on their ability to make a case for receiving a larger share of the kitty than some other group of workers.

That leads to the problem of the definition of the kitty group. Many companies at present negotiate with a multitude of different unions with different settlement dates. A "company" kitty would be very difficult to divide up in, for example, British Leyland. However, a division by normal negotiating

groups would probably be compensated for inflation even in the year of the policy.

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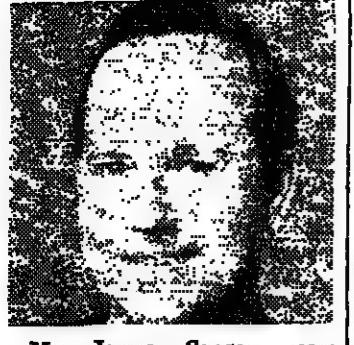
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Business appointments

Royal Dutch supervisory board names

Mr G. A. Wagner and Mr L. Wormer are to be proposed for appointment to the supervisory board of Royal Dutch Petroleum on May 12. Mr Wagner is retiring on June 30; president of Royal Dutch Petroleum and chairman of the committee of managing directors of Royal Dutch/Shell, Mr P. M. van Doornzaal and Mr William McChemey Martin, Jr, are retiring from the board.

Mr K. G. Smith, pensions manager of the British Steel Corporation, is to become chairman of The National Association of Pension Funds from May 1.



Mr James Sanger, new finance director of James Burrough.

Mr David Stevens has been elected deputy chairman of Drayton Consolidated Trust.

Mr J. C. Thomas, Mr J. Lampson and Mr C. R. Harris have been elected to the board of Estates House Investment Trust.

Mr James J. Johnson has been appointed vice-president of marketing for the Singer Co.

Mr Christopher Hayman and Mr James Sanger join the board of James Burrough, Mr Sanger as finance director.

Mr W. G. Peplow has been appointed a director of Peak Investments. Mr J. Boon and Mr W. T. Bowden have resigned from the board, but remain directors of Peak Trailers.

Mr W. Wilson Evans becomes deputy chairman and director of J. & W. Kerr Group, remaining financial director. Mr John Hendrie, a director and secretary of the group, has been made, in addition, company secretary of all group subsidiaries. Mr Peter Berrie, managing director and director of J. & W. Kerr Fabrication, becomes also managing director of J. & W. Kerr Engineering.

American GNP rate doubles, but pace of inflation also accelerates

From Frank Vogl
Washington, April 20:

America's economy grew at a far faster rate in the first quarter of this year than was widely predicted; but, as was expected, the rate of inflation also increased.

Real gross national product (GNP) rose at exactly twice the annual rate recorded in the final quarter of last year, with an advance of 5.2 per cent, according to preliminary seasonally adjusted data.

The GNP chain price index, which the United States Commerce Department considers to be the most accurate inflation measure in the GNP figures, rose at a seasonally adjusted annual rate of 6.6 per cent, against a 5.7 per cent rate recorded in the previous quarter.

Today's figures lend some

support, both to President Carter's claim of last week that the economy does not need additional stimulus and to his additional anti-inflation campaign. Leading economists, including Dr James Tobin of Yale University and Dr Milton Friedman of the University of Chicago, have stated this week that the anti-inflation strategy is too weak and will not work.

But today, Mr Michael Blumenthal, the Secretary of the Treasury, defended the aim of bringing the inflation rate down to 4 per cent by late 1979.

This is particularly so because contrary to the hopes of some government economists, the new figures show that personal consumption expenditures rose in

the last quarter no faster than in the final quarter of 1976—up \$34,800m against a rise of \$33,500m.

Moreover, the pattern of consumer spending in the first quarter has some disturbing elements. Spending on nondurable goods was up by only \$7,700m, compared to a rise that was twice as great in the previous three months. Spending on motor cars showed a rise ten times as high as that seen in the previous quarter, at \$10,500m.

A modestly encouraging aspect of the new figures is that business fixed investment showed an increase three times as large as that recorded in the final quarter of 1976. The increase, amounting to \$7,500m in the first quarter, is still, however, below what most economists see as necessary.

Forecasters see year of low demand

By Melvyn Westlake

Post-Budget projections of most independent economic forecasters point to a year of low output and consumption.

Economic growth between 1976 and 1977 is estimated to lie between 0.7 per cent at the most pessimistic, and 2.5 per cent at the most optimistic.

Private consumption is predicted by most forecasters to fall. At the same time, inflation is broadly placed between 13% and 15% per cent.

London Business School take the gloomiest view of inflation and have revised upwards their previous forecast of price increases during the year.

The most encouraging aspect of present forecasts is the projection for the current account of the balance of payments, which are now seen by the majority of forecasters to be in surplus during 1977, although there have been some downward revisions of export growth during the period.

FORECASTS FOR THE BRITISH ECONOMY

	Year 1977/Year 1976						2nd half 1977/2nd half 1976
	NIESR (Feb)	LBS (Apr)	H (Apr)	HG (Mar)	P & D (Apr)	Treasury (Mar)	
Consumption	-0.6	-1.2	1.0	1.8	-0.4	-1.0	-2.7
Private investment inc.	3.3	-2.2	4.5	4.2	-0.4	1.0	2.5
Public investment inc.	-9.2	-12.0	-8.2	-8.1	-8.8	-7.0	-9.2
housebuilding	-0.2	-0.3	0.0	0.8	1.7	0.0	-1.9
Public authorities consumption	5.4	5.7	8.4	7.4	7.7	5.5	9.5
Exports	3.2	1.9	5.2	3.9	5.8	2.0	2.7
Imports	188	71	470	200	335	300	354
Stockbuilding (£m) Year 1977	0.9	0.7	2.4	2.5	1.6	1.5	12.2*
Gross domestic product after adjustment to factor cost	14.2	15.7	13.7	13.5	13.4	13*	12.2*
Inflation forecast	+388	+1743	500	+800	300	**	+1096

Source: NIESR, LBS, H, HG, P & D. Figures for 1976 on four-year basis. Figures for 1977 assume that the current account will be in balance during second half of 1977, with £300m surplus in first half of 1978.

All forecasts are in constant prices, seasonally adjusted and at annual rates. The stockbuilding and balance of payments forecasts in the second half 1977 section are forecasts for the second half of 1977 multiplied by two.

The forecasts by the Treasury, the NIESR and LBS are based on the assumption of unchanged policies. The forecasts by H, HG and P & D are slightly different. Figures for 1976 are not completely comparable, but differences are minor. Differences in result also reflect difference in assumptions, model constructions and date at which work performed.

The month in which work was published is given in brackets. Forecasts published by the Treasury twice yearly; NIESR, four times a year; LBS, three times a year; H, HG and P & D revise their forecasts every month.

"A specially favourable year"

from Mr. Julian Faber's statement to shareholders

I am pleased that this year—my first in reporting to many new shareholders—has been so successful. We have grown and prospered. In our principal activity—UK Insurance Broking—gross premiums handled were approximately £650 million, 70 per cent in foreign currencies. The Group's profits have increased by 60 per cent, from £10.15 million to £16.32 million.

1976 was a year specially favourable to insurance brokers although in part for reasons of which no one can be proud. The decline in the value of sterling increased profits disproportionately; inflation continues to raise insured values; and very high interest rates available on cash balances added further to our profits.

Some increase in profit would, therefore, have occurred if our business had just stood still; but I am glad to say that it grew in virtually all the several areas in which we are interested, each contributing in varying degrees to our profit.

Thus, our brokerage increased by over 30 per cent. Our insurance company, the Sovereign, reversed its previous profit decline; our Lloyd's and Company agency business produced substantially greater profits. Our managed syndicates at Lloyd's accepted a record number of new names. Our associates, notably Morgan

Grenfell, and those overseas in South Africa, Australia and Canada had a particularly good year. Indeed, every area of our activity proved to be buoyant.

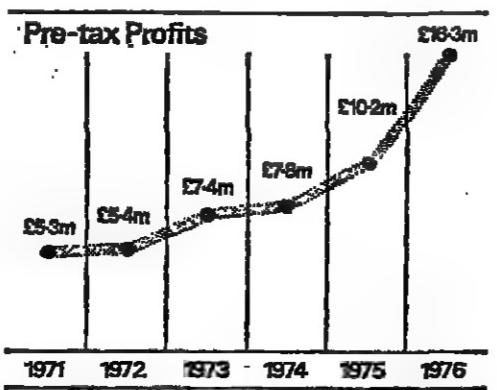
The year was notable for two events, the first being our acquisition of the freehold of Ten Trinity Square—the old Port of London Authority building. Our ambition to own freeholds for both our London and Country Head Offices has thus been finally realized. We expect to occupy the building on May 28th.

Secondly, we became a Public Company with shares quoted on The Stock Exchange. In the event, the uncertainty of the market compelled us to introduce the shares rather than

to make an Offer for Sale. This unusual course was not what we would have chosen though in retrospect I have no doubt that, aided by our professional advisers, we made the right decision. An orderly market in the shares was created as was our aim.

As International Brokers we are tied to no particular market, nor are our fortunes linked with a few insurance companies. Nevertheless we have noticed the harm already done to the London market by the proposals to nationalize some major insurance companies. This damage would be far more severe and indeed would be irreversible if such ideas were pursued to fruition.

Our excellent results are attributable directly to the hard work and loyalty of the members of our staff. While we have been and are being successful in providing for most of them the working conditions which they deserve, under present conditions we are not permitted to reward merit. This applies throughout the range of salaries but particularly in the middle and higher ranges where we are sustaining attacks on our staff from interests abroad which naturally seek to acquire valuable skills such as many of our staff possess. Ultimately there comes a time when appeals to loyalty are not enough. This 'brain drain' will undoubtedly become more serious without further incentives and lower personal taxation here.

**Willis Faber Limited**

54 Leadenhall Street, London EC3P 3AX

Copies of the Report and Accounts for 1976 are available from The Secretary.

Call to scrap isoglucose tax proposal

From David Cross
Brussels, April 20.

A British company which has invested £8m in a plant to manufacture isoglucose today made a last attempt to persuade the European Community to abandon a swing production tax on the new natural sweetener.

At a press conference in Brussels, Lord Jellicoe, chairman of Tunnel Refineries of Greenwich, said that the proposed £28 a tonne tax would make the production of isoglucose "totally uneconomic".

The planned levy on isoglucose is part of the European Community's annual farm price review. The Community's sugar beet producers, who fear competition from isoglucose, favour the tax.

FINANCIAL NEWS**Regional newspaper rebound pushes S Pearson by £10m**

By Ray Maughan

Boosted by a powerful regional newspaper recovery, strong book publishing interests and further growth from its Doulton glassware subsidiary, S. Pearson & Sons pushed pre-tax profits ahead by almost £10m to £28.5m in 1976.

The Whitechapel Trust, Pearson's financial services arm, which takes in Lazards merchant bank, was the only division to stall. Its drop from £6.96m to £6.56m at the pre-interest level, however, is more than accounted for by the sale of A. W. Betts Holdings which meant a £24.6m hole in income. Embankment Trust, bought at the tail end of the year, will contribute income of £500,000 in a full 12 months while the 1.46m shares acquired in part-consideration for Bain in international trader, Incaprice, will add a further £25,000 so the income gap is not yet quite filled.

Pride of place should go to Pearson Longman, the newspaper and publishing subsidiary, comprising the *Financial Times*, Westminster Press, Penguin Publishing and Ladybird Books. Trading profits increased by £10.6m to £11.8m. So S. Pearson's 63.56 per cent stake yields a 10.5% contribution of £12.02m against £6.04m. Longman Holdings increased by £3m to £8m while the subsidiary which owns the *Financial Times* newspaper made £2.45m against £1.05m.

The contribution of the wholly owned Doulton subsidiary, which also takes in sailing



Lord Cowdray, chairman of S. Pearson.

tary, ceramics and electrical engineering, increased from £7.08m to £10.85m.

The current trend through our group is described as promising and all divisions have enjoyed a good first quarter.

Shares in Pearson Longman opened up yesterday to 125p, where a maximum premium gross total dividend of 8.28 per share yields 14.6 per cent.

The holding company is paying a second interim dividend of 6.18p per share total up to 9.35p. The shares rose 4p to 136p to give a yield of 14.6 per cent.

Wadham well on way to meeting £3m target

By Richard Allen

Having chalked up £2.25m pre-tax in 1976, Wadham Straker, the motor distributor, claims to be well on the way to meeting a £3m target in the current year.

This Leyland and Rolls-Royce dealer, whose 1975 profits were pegged back by Price Commission intervention, managed to get back on the growth trail with a 22 per cent increase at the pre-tax level.

Turnover jumped 36 per cent to £107.7m partly reflecting the new lower-margin business Wadham took on to assess the commission after it was found to have breached the permitted margin.

The better figures are accompanied by a fixed dividend payment of 1.28p gross taking the total payout up by the maximum to 2.09. Earnings a share improved from 2.89p to 4p.

Having managed to lower overheads by around a third last year and rechartering a further £4m of debt to a medium-term loan, Wadham reckons it is now in a strong position to start looking for further acquisitions.

Marshall Cavendish on way back

Making up some leeway at midyear, up nearly a third to £1.92m, Marshall Cavendish finished 1976 with a rise from £2.28m to £2.88m pre-tax. But this is still below the peak £2.72m in 1972 for this one-time glamour share. The group publishes magazines and books and large-format paperbacks. Turnover in the year remained steady at £12.85m against £12.61m.

Earnings a share grew from 5.36p to 6.89p. It pays a total gross dividend lifted from 4.49p to 6.01p. This restores the payout to that paid for 1972. The total cash dividend for the year is covered 1.77 times.

Meanwhile the company continues to grow, the board says. Its range of publishing activities is being expanded, particularly in the hard-cook field. Without hazarding a forecast as yet on the outcome for 1977, the opening quarter indicates a "reasonably" successful year.

MHL trebles

Manufacturers Hanover Limited, the London-based merchant banking subsidiary of Manufacturers Hanover Trust Company, more than trebled its profits last year. Pre-tax profits were up from £1.48m to £4.58m, while deposits rose from £51.1m to £92.9m. The bank managed or co-managed syndicated loans worth \$9.446m (up from \$5.211m) and capital issues worth \$1.192m (up from \$4.16m). Gross assets at the year end were £117m compared to £69.9m the year before.

Southern Cons slips

Although turnover of Southern Constructions (Holdings) rose from £9.92m to £10.73m in 1976, pre-tax profits fell from £554,000 to £401,000. However, the total gross payment is going up from 1.05p to 1.33p, which has been

Travis &
Arnold
takes off
second-half

FINANCIAL NEWS AND MARKET REPORTS

Stock markets

Small buying on base rate hopes

By Ashley Drucker
Just slightly ahead of
market, from 11.15p to
11.25p, Rowe Rudd
will have been
able to sell the bonds
of the opening half
profits of another
Tepbit Group in
London, 52 per cent
to 53 per cent.
The bonds of 29 per cent
rose to 30 per cent
and 31 per cent.
The bonds of 29 per cent
rose to 30 per cent
and 31 per cent.

Aeronautical & General Instruments sprang to life after the announcement of a number of share stakes was taken as the possible prelude to a bid. The shares closed 6p up at 58p on a strong speculative demand but the group says that it has no reason to believe an approach is imminent.

Though interest dwindled as the session progressed, prices held firm in late trading on the news that the Scottish TUC would accept some form of further pay restraint. Having gained 4.2p by midday, the FT Index closed 4.4 ahead at 412.5. Gilt too, benefited from the prospect of lower interest rates with long dates up half a point after a steady session and short dates up one-quarter and three-eighths up after a two-day trade had developed at the higher levels.

Particularly active were the 9½ per cent 1982, which rose three-eighths to 141, the 12½

per cent 1992, where the gain was three-quarters to 52.4 and the 9½ per cent, 1981, which put on eleven-sixteenths, for a close of 51.00.

Early settlement was helped by a belated response to Hawker Siddeley's bullish figures of the previous day and the imminent prospect of another round of base-rate cuts by the clearing banks. There was even talk of another small reduction in MLR this week, though a majority would be surprised by such a move.

Speculative demand was directed into a number of favourite stocks with Gallenkamp gaining no less than 26p to 285p in the hope of another takeover move. United Scientific up 5p to 101½. Others gaining ground for similar reasons were Thomas Jourdan 4½ to 38p and commodity group Gill & Duffus which put on another 3p to 227p in spite of its earlier dip.

Shipping shares saw demand in a thin market with bid hopes helping Common Brothers to a rise of 18p to 243p and other firms to be found in Walter Runciman 4½ to 130 and British & Commonwealth 3p to 285p.

Stock issues featured Burton A which gained 4p to 74p and House of Fraser 2p to 94p. Adams Food were 5p to the good at 28p after minority terms and a steady session and short dates up one-quarter and three-eighths up after a two-day trade had developed at the higher levels.

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per cent 1992, where the gain was three-quarters to 52.4 and the 9½ per cent, 1981, which put on eleven-sixteenths, for a close of 51.00.

The industrial leaders, the strongest performers were Hawker Siddeley which put on another 10p to 540p after its figures and Unilever with a rise of 10p to 458p, which stemmed from the chairman's remarks on prospects and the group's strong liquid position.

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Cavendish rose 3½ to 44½ after

its announcement. Collett, Dickenson

2p to 44½ and Peacock Long-

man 3p to 12½. S. Pearson,

whose figures came out at the

same time, rose 4p to 13½.

The recent strength of glass

shares was reflected in a rise

of 10p to 117p for Redfern

National.

The feature of a compara-

tively dull oil sector was a

smaller than expected loss from

Burmah where the shares shot

up 7p to 69p after the state

paper's price where Marshall

was 10p to 117p for Redfern

National.

After hours, ICI went a little

better among "blue chips" and

English & Canadian Industries

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In

THE HALIFAX BUILDING SOCIETY

Notice to existing and intending investors and borrowers

Variation of Interest Rates

The Directors of The Halifax Building Society announce that the rates of interest charged to borrowers and paid to investors will be reduced as provided by the terms of this notice.

BORROWERS

The rates of interest charged on mortgage accounts will be reduced as follows:-

on mortgages now charged interest at £12.25 per cent per annum to £11.25 per cent per annum

on mortgages now charged interest at £12.50 per cent per annum to £11.50 per cent per annum

Other borrowers including option mortgage borrowers will be notified individually of their new rates of interest.

The new rates will apply

immediately to mortgages completed on or after

18th April 1977

on and after 1st May 1977 to mortgages completed before

18th April 1977

Borrowers will be notified individually of the monthly payments they should make.

INVESTORS

The Society will pay the undermentioned rates of interest on the following kinds of investments:-

Paid-Up Shares -£7.00 per cent per annum

Deposits -£6.75 per cent per annum

Monthly Savings -£6.25 per cent per annum

The rate of interest on Subscription Shares and on Matured Subscription Shares will be reduced by £0.80 per cent per annum.

The new rates will apply

immediately to accounts opened on or after 1st May 1977

on and after 1st June 1977 to accounts open at the end of

April 1977

The rate of interest on Term Share accounts open at the end of April 1977 will be reduced by £0.80 per cent per annum from the end of May 1977.

The rates mentioned above will not apply to investors whose investments (including shares in joint investments) exceed £15,000 or are held by a limited company, corporate body or discretionary accumulating trust. The rate of interest payable to those investors in the Paid-Up Share and Deposit departments will be reduced by 20.75 per cent per annum.

Details of the rates of interest payable on investments in other departments will be available at branches and agencies before 1st May 1977.

Trinity Road Halifax

April 1977

FINANCIAL NEWS AND MARKET REPORTS

Shortfall from Singapore and S Africa checks Bestobell

By Ray Vaughan
Bestobell, the fluid engineering, thermal and acoustic insulation group, has been hit by poor results from its subsidiaries in Singapore and South Africa.

Their combined shortfall, however, exceeds the shortfall of the group as a whole and Sir Humphrey Browne, chairman, reports that firm order trends have been established in the home market. United Kingdom orders climbed 25 per cent in 1976 and have gone up another 30 per cent this year. The board says that trade has improved in the first two months of 1977 but does not expect a full recovery this time. Singapore, faced by stiff competition, suffered a loss of £39,000 in 1975-76 against a profit of £29,000.

But, profits have been

inflated by £746,000 exchange gains which, after a reduction of market values of Indian associates, net out at an extraordinary credit of £500,000. In total, pre-tax profits dropped from £5.67m to £5.34m.

South African deflation and mediocre management, subsequently strengthened, accounted for a fall from £630,000 to £163,000 in the financial year to end-June last and these activities reached a nadir in the subsequent six months. The board says that trade has improved in the first two months of 1977 but does not expect a full recovery this time. Singapore, faced by stiff competition, suffered a loss of £39,000 in 1975-76 against a profit of £29,000.

Capital spending last year hit £2.5m, in which United Kingdom investment doubled to £1.67m. Expenditure is now expected to reach around £3m and the emphasis on the re-equipment of the plants producing controls valves and seals will be sustained.

Six of the ten United Kingdom merchanting centres have been relocated, an initiative which has so far been rewarded with a 50 per cent increase in volume this year at branches been relocated, an initiative place.

The shares were unchanged yesterday at 146p and the maximum permitted gross total dividend of 12.996p a share yield 9.2 per cent.

BP Chem in £10m deal with Bakelite Xylonite

BP Chemicals is negotiating to buy Bakelite Xylonite's BXI Thermosetting division at Tysley, Birmingham, for £10m. Negotiations are in an advanced state and the ownership of the division is expected to be transferred by September 1.

BP is already the major supplier of feedstocks to the division which has three inter-related products — phenolic moulding powders, industrial laminates and phenolic resins. Modernization plans for the plant are to be continued by BP which said yesterday that it would also invest £3.5m in reequipping the moulding powders plant.

He said that the 1,200 employees at the Birmingham plant had been informed

Bakelite Xylonite is part of the Union Carbide Group, and has already sold its decorative laminates operation at Aycliffe in co-Durham to a Swedish Company, Persicorp AB and is concentrating its low-density polyethylene operations at Grangemouth.

Mr R. O. Harvey, assistant managing director of Bakelite Xylonite, said yesterday that proceeds of the sale would be directed into other developments being undertaken by Union Carbide in the United Kingdom.

He said that the 1,200 employees at the Birmingham plant had been informed

Eng & Caledonian move

English & Caledonian Investment, a £15.4m investment trust, some 31 per cent-owned by London & Manchester Assurance, yesterday reported an initial takeover approach. A bold statement noting the approach recommends that shareholders await "a further announcement" by their board.

Apart from London & Manchester's stake, Standard Life Assurance holds 13.86 per cent and the Prudential 10.1 per cent

of the trust. Managed by Garmore Investments, London & Caledonian reported pre-tax revenue of £521,000 in the year to March 1976 and assets per share of 92.2p. The trust holds a diverse portfolio of principally United Kingdom equities. At the March year-end 67.8 per cent of the portfolio was United Kingdom-based and 22.9 per cent in the United States.

On news of the approach the shares closed 19p higher last night at 80p.

The rise in the dividend is no less dramatic than the recovery—the total gross payout is going up from 3.08p to 3.08p.

Mr George McWatters, chairman, tells shareholders that the recovery trend at the midway continued into the second six months, with manufacturing levels generally throughout the group being improved.

Currently, the United Kingdom factories are fully occupied with good order books—and the overseas operations have made a similar start to 1977.

The trading results achieved so far this year, the board adds, indicate that profits for the first half of this year will show a "further substantial improvement".

With the group needing all its cash resources to fund the increase in turnover from £12.9m to £16.14m the directors have again decided not to recommend a dividend. A resumption of dividends is, however, expected in 1977.

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Stock Exchange Prices

Some ground regained

Account Days: Dealings Began, April 12, Dealings End, April 22. § Contango Day, April 25. Settlement Day, May 3

§ Forward bargains are permitted on two previous days.

Agents, Surveyors, Valuers & Auctioneers

Factories, Plant & Machinery

Henry Butcher & Co

London 01-405 8411 · Leeds 0532 457356

Motoring

Porsche casts enticing bait on wider waters

With the recently introduced two-litre 924 Coupé poised to become the company's best seller this year and an exciting 4.5-litre 928 due out in spring next spring, the Porsche car range is being expanded in both directions as the company seeks to cover a wider segment of the performance car market.

Since its introduction in 1964, the mainstay of the Porsche range has been the 911 in its various guises, a car that took over from the famous 356, which had seen Porsche through its first 14 years as a car manufacturer in its own right as director of a design office for other manufacturers (the VW "Beetle" was just one example of the artistry and engineering prowess of the project Dr Ferdinand Porsche).

If Porsche considers 14 years to be the logical lifespan of a model range, then the days of the 911 must be numbered. Certainly the concept of an air-cooled, rear-mounted engine is out of date, yet the beautifully proportioned 911, which began life as a 130 bhp two-litre and has grown through 2.4 and 2.7-litre stages to become a full-blooded three-litre (and turbocharged as well, should you so wish), is synonymous with what still appeals to Porsche devotees.

To those eyes of enthusiasts like myself, a 911 would seem bare. It is the car on which so much of Porsche's sporting success has been based, a car so rich in engineering excellence that its dated mechanical layout seems irrelevant. Today buyers are required to part with anything from £10,000 (for the standard 911) to almost £20,000 (for the Turbo)—the price of a new home.

That between 450 and 500 of them in Britain seem to do so each year is a measure of the 911's appeal, and was the more understandable to me after testing what I judge to be (at £14,000) the most satisfying model of them all, the 200 bhp flat six three-litre Carrera.

I found a car with a cockpit tailor-made for the serious business of fast driving: superbly comfortable seats, comprehensive instruments, a logical control layout and a complete absence of styling gaudiness. Down to the smallest control button it looked and felt to be engineered rather than assembled. The one concession to laziness was the electrics, for door windows, sun roof and exterior mirror, and all most welcome, was the turn switch between the seats for dialling in the required level of interior heating.

As I switched on I discovered a flywheel as light that when I depressed the accelerator the revolutions did not rise more rapidly as immediately achieve the top torque speed as though from the class of 100. One moment at 1,000 rpm idle, the next at 3,000 rpm, according to the position of the pedal. With oil warmed, drained and refilled, the dry-sump system, my acceleration rates: 0.60 mph in six seconds looks impressive in print, but it cannot reproduce the sensation as those who drive from them when the latter group (215 seconds) Dunlop tyres bit into the asphalt and the revolution counter



Most satisfying of all—the three-litre Carrera.

needle shot up so quickly that I was rushing for the gear lever and a change to second only moments after leaving the line.

Another three seconds and we were at 80 mph; less than a quarter of a minute after the start and we were into three figures. Maximum speed, I am assured (and believe), is between 140 and 150 mph; 135 mph was as much as I saw in the room available, sufficient to sample the effectiveness of the front end damper as an aid to high-speed directional stability.

That was the Porsche Carrera in its natural element. With longer acquaintance I came to admire the clarity of message from the front wheels delivered through the steering wheel rim (holding the wheel lightly, letting the moving rim tell of every minor change of surface, camber and, most important for a competition-oriented car, adhesion).

The ride was firm, but not harsh, the steering pleasantly light and sensibly changed to reflect that are made possible by such meticulously tuned suspension. The brake pedal required a heavy foot (no power assistance is provided for this would blur the feel transmitted to the driver), but only modest top-gear acceleration. Using the full revocation range I was able to reach 60 mph in eight seconds, which is excellent for a two-litre performance car.

Very comfortable seats, a good control layout (except that the steering wheel is just a fraction low-slung), coupled with relatively roll-free cornering and predictable if slightly low-gear steering add up to quite a high standard of driving enjoyment. Against that must be set too much mechanical and road noise and a lack of refinement in ride comfort that is difficult to reconcile with a price of £7,000.

There is another side to the Carrera's personality. With light throttle it is the most unobtrusive of town cars, able to burble along on a minimum of revolutions (even in fifth gear at 30 mph if the driver is so inclined). In that sense it is a practical all-round, but of course it is wasted in towns.

Drying it in this manner you find the long clutch travel more of a nuisance, and the heaviness of the gear shift in the lower ratios a bore; the level of alertness and the firm, positive movements that are so natural a part of fast driving become more of a chore at 20 mph.

Altogether incongruously, the Carrera runs on two-star fuel, and consumption varies over a wide range; stopwatch testing gave me as little as 14 mpg, a main road journey across country as much as 24 mpg. Around eighteen to twenty mpg should be the norm; assuming a reasonable amount of half-throttle acceleration.

To own a Carrera has to be an indulgence, but for those who can afford it offers a driving experience that, if not unique, is extremely rare. Despite its performance it is utterly unflamboyant, hence its appeal more to those who understand and appreciate total responsiveness in a car than to those who cover one merely as a status symbol.

Of the new 924, which I have also been testing recently, I have mixed feelings. This is a car, a two-plus-two couple offering generous front-seat but minimal rear-seat accommodation, initially designed by Porsche for VW/Audi, then "bought back" by the latter group. It is not as impressive in print, but it cannot reproduce the sensation as those who drive from them when the latter group (215 seconds) Dunlop tyres bit into the asphalt and the revolution counter

Consequently it makes wide use of VW/Audi components, the two-litre engine for example, being taken as it is used in the new Audi 100, though equipped with fuel injection and driving the rear rather than the front wheels. By moving the gearbox to the back, in unit with the final drive, Porsche has achieved a more even weight distribution and provided a pleasantly light and positive change through the short, stubby lever.

The gearing is unusually high (helping to a consumption of 26 mpg during some not too arduous driving), which gives high speeds in the three indirect gears (36, 42 and 46 mph at the 6,500 rpm limit) but only modest top-gear acceleration. Using the full revocation range I was able to reach 60 mph in eight seconds, which is excellent for a two-litre performance car.

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The Lord makes his face shine upon us; he is our salvation and strength.—Numbers 6: 23.

BIRTHS

BEST—On April 19th to Juliet and

BOURNE—On April 19th at the

London Hospital, Dr. and Mrs.

Williams, wife of John Bourne

FINER—On April 19th at St.

Paul's, Cheltenham, Mr. Hilary

and Mrs. Brian Finer and brother

(Redmond) a son

GIBSON—On April 16th, at the

Royal Hampshire County Hos-

pital, Dr. and Mrs. Michael

Bradley and Jeremy—son

HOLMAN—On April 17th, at

St. Joseph's Hospital, Rom-

ney—Dr. and Mrs. John

Holman and daughter

JONES—On April 19th at St.

Mary's Hospital, Portsmouth, a

son—Nicholas, a daughter

MCDONALD—On April 14th at the

London Hospital, Dr. and Mrs.

John and Barbara McDonald

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